Press Release

Belfort, February 17, 2010

LISI ACHIEVED FREE CASH FLOW OF OVER €50M IN 2009

- Strong slowdown in activities linked to the automotive and aerospace industries:
  - Sales revenue: €695.1M (- 16.1% on a constant exchange rate and like-for-like basis)
  - Net earnings: €9.4M, with a significant recovery in the second half of the year
- Priority given to cash and to the strengthening of the financial structure:
  - Free cash flow[1]: €51.3M
  - Net debt: €28.5M, divided by 2.5
- Proposed dividend of €0.70 per share
- Outlook: persistence of low visibility in 2010, numerous opportunities for growth in the medium term, strategic orientations maintained

Belfort, February 17 2010 – The LISI Board of Directors, gathered under the presidency of Mr. Gilles KOHLER, reviewed the final accounts for the financial year ended on December 31 2009. They will be submitted for the approval of the General Meeting on April 28, 2010.

Year ended December 31,		**2009**	2008	Change
Main income statement elements				
Sales revenue	€M	**695.1**	844.3	-17.7%
EBITDA	€M	**87.8**	141.0	-37.8%
EBITDA margin	%	**12.6**	16.7	-4.1 pts
EBIT	€M	**34.2**	98.9	-65.4%
Current operating margin	%	**4.9**	11.7	-6.8 pts
Earnings attributable to holders of company equity	€M	**9.4**	56.2	-83.2%
Diluted earnings per share	€	**0.92**	5.28	-82.6%
Main cash flow statement elements				
Net industrial investments	€M	**-49.0**	-65.2	-24.8%
Free cash flow [1]	€M	**51.3**	9.7	x 5
Main elements of the financial situation				
Net financial debt	€M	**28.5**	69.4	-59%
Net indebtedness ratio on equity	%	**6.3%**	15.1%	-8.8 pts

[1] Free Cash Flow = overall cash flow + change in working capital requirements – net investments

Notes: During financial 2009, the Group generated 64% of its business abroad.
The average dollar rate stood at 1.40 versus 1.47 in 2008 for actual sales of $196M.

Strong slowdown in activities linked to the automotive and aerospace industries

Consolidated turnover for the 2009 financial year stands at €695.1M as opposed to €844.3M in 2008. More or less constant over the whole of the year, this fall by –17.7% nonetheless results from highly contrasting evolutions: while the first half-year was characterized by a brutal fall in the automotive industry and the remarkable resistance of the aeronautical sector, the trends were reversed in the second part of the year. Indeed, aeronautics suffered true turbulence, while the automobile sector picked up considerably at the end of the period.

Quarterly variation of consolidated turnover

	LISI Consolidated	of which LISI AEROSPACE	of which LISI AUTOMOTIVE
Q1	-19.0%	+1.3%	-37.5%
Q2	-18.8%	-2.7%	-30.1%
Q3	-18.6%	-20.0%	-15.5%
Q4	-13.8%	-35.0%	+19.3%
2009	**-17.7%**	**-14.5%**	**-19.5%**

On a constant exchange rate and like-for-like basis, the variation in turnover stands at no more than -16.1%. (-8.8%) on the fourth quarter, as the effect of the fall of the dollar against the euro was above all substantial at the end of the year).

The main consolidation scope change compared to 2008 corresponds to the transfer, on April 1, 2009, of the company SDU, a subsidiary of the KNIPPING group, which specialized in the distribution of technical products for use in mines and industry in Germany and Poland. The impact on turnover is €19.8M.

Net earnings: €9.4M, with a substantial recovery in the second half-year

Under the effect of the fall in turnover, the absorption of fixed costs weighed on the earnings, despite the corrective measures that the Group quickly put in place. This effect was amplified by a change in production (--22.9%) that was more pronounced than that in turnover (-17.7%) so as to encourage cash generation. For their part, variable costs fell in the same proportions as production.

In this way, the total payroll fell with a drop in the workforce to 6,596 persons (- 472 persons). The Group also had recourse to temporary adaptation measures such as unemployment representing more than 600,000 hours (342 full-time equivalents). On the other hand, the inertia of certain fixed costs and certain non-recurring costs such as dismissal costs (€4.1M) weigh on the EBITDA: after the record set in 2008, it dropped by 37.8% to €87.8M (12.6% of turnover).

The current operating result (EBIT) stands at €34.2M. This fall by 65.4% compared to 2008 was more marked in the first half-year than in the second: indeed, the current operating result was €15.6M before it rose back to €18.6M in the second part of the year. The 6.8-point decline in operating margin, at 4.9% of sales, reflects the rise in depreciations (+5.6%) after several years of significant investments, along with the increase in operating provisions. These provisions were mainly allocated to inventories in order to cover the risk of slower production turnover.

At €9.4M, the net earnings for the period are down €46.8M and include the following items:

- -€12.0M of non-current expenses recorded during the first half of the year and related, in particular, to goodwill amortization for €56M (before amortization), allocated to RAPID's business,
- -€5.3M of financial losses, of which -€4.2M of financing expenses, against -€9.3M in 2008,
- -€7.8M of taxes. The taxation rate for the period stands at 27M of the apparent earnings, to be compared to 36.1% in 2008.

The performance displayed during the second half of the year (+€14.2M) made it possible to catch up on the loss incurred during the first half of the year (-€4.8M) despite the concurrent decline of the aerospace industry.

The Board of Directors has decided to maintain the distribution of a dividend, which it suggests setting at €0.70 per share, against €1.20 per share for financial 2008.

Priority to cash and to the strengthening of the financial structure

In 2009, the Group demonstrated its ability to absorb economic downturns that were altogether brutal and unexpected, by giving priority to the generation of cash and by speedily upgrading its management methods.

- Free cash flow: €51.3 M,

The satisfactory level of the cash flow (€76.7M, 11% of sales) has made it possible to bring the working capital to €172.5M, that is 89 days of sales, despite the level of expenditures (€49.0M, 7.1% of the sales revenue).

Owing to the decline in working capital, the capital used by the Group dropped by €565.8M in 2008, at €515.8M in 2009, despite the decline in assignments of receivables, from €47.1M to €30.7M.

In an economic context that was particularly difficult, the Group has maintained its structuring cash expenditures. In that context, the most significant projects were:

- the deployment of ERPs in the Aerospace (€1.6M) and Automotive (€1.6M) divisions,
- the productivity initiatives (€2.2M at LISI AEROSPACE, €4.5M at LISI AUTOMOTIVE),
- the commissioning of new sites, such as the extension of the LISI AEROSPACE site in Turkey,
- the construction of new buildings for LISI AUTOMOTIVE Form AS in the Czech Republic
- the new plastic injection hall in Nogent-Le-Phaye for LISI COSMETICS.

At €51.3M, the free cash flow thus established itself at an all-time high.

- Net debt: €28.5 M, divided by 2.5

The net financial debt came under the threshold of €30 million, at €28.5M at December 31, 2009. The net financial debt on equity ratio was brought down to 6.3% against 15.1% in 2008. The drop by nearly €41M takes into account the distribution of €12.3M of dividends for 2008 and benefited from the generation of €51.3M of free cash flow.

LISI AEROSPACE

- Sales dropped during the second half of the year, after 5 years of two-digit growth
- Negative impact on profitability limited by effective adjustment measures
- LISI MEDICAL: sales revenue down 22%, despite some resistance in Europe
- Quasi disappearance of Racing
- Project to take over from Stryker Corporation, a US Group, a hip prostheses production site in France, with a 5-year supply contract

	2009	2008	Change
Sales revenue (in €M)	349.5	408.8	-15.5%
			On a constant exchange rate and like-for-like basis
Current operating margin	13.6%	20.6%	-7.0 pts
Free cash flow (€M)	36.9	17.4	+19.5 €M
In % of sales revenue	*10.6%*	*4.3%*	*+6.3 pts*

LISI AUTOMOTIVE

- Business picked up during Q4, but the market was structurally low
- Sharp rebound in H2 EBITDA at €16.7M, against a loss of €5.7M in H1
- Project to take over two French sites from the US Group Acument Global Technologies, which specializes in the manufacture of fasteners for the automotive industry

	2009	2008	Change
Sales revenue (in €M)	310.4	385.5	-14.9%
			On a constant exchange rate and like-for-like basis
Current operating margin	-5.0%	3.7%	-8.7 pts
Free cash flow (€M)	15.8	-4.0	+19.8 €M
In % of sales revenue	*5.1%*	*-1.0%*	*+6.1 pts*

LISI COSMETICS

- Many new product launches have been either cancelled, or postponed, particularly in the selective fragrance industry
- Strong decline in inventories throughout the distribution chain

	2009	2008	Change
Sales revenue (in €M)	36.1	51.0	-29.3%
			On a constant exchange rate and like-for-like basis
Current operating margin	-8.9%	3.0%	n.a.
Free cash flow (€M)	-2.0	-1.8	n.a.
In % of sales revenue	*-5.5%*	*-3.5%*	n.a.

Outlook

In 2009, the Group made considerable progress, notably in the area of operational flexibility and cash generation. While they have yet to be finalized, the external growth plans recently announced in the automotive and medical sectors demonstrate LISI's desire not to sacrifice either the skills acquired over the years by its teams or its strategic orientations in the medium term. In line with that policy, it has maintained its structuring capital expenditures in order to confirm its trust in its growth potential. The Group has an all-encompassing industrial tool: Not only is it ready to take advantage of the recovery of demand as soon as there will be signs of improvement, but it has also gradually adjusted to its customers' growing demand for an all-encompassing service.

However, the coming quarters could remain difficult:

- while the automotive market has actually picked up, it still offers very limited visibility. While the production forecasts of the Group's customers for the first quarter are rather encouraging, the planned cancellation of the "prime à la casse" is a harbinger of a 7 to 10% decline of the European market for the entire year. The division will implement planned measures to improve its production flows (Kanban on high-volume production lines) and methods (Lean manufacturing). Some advanced indicators, such as raw materials prices, show signs that reflect the current rise in demand:

- the adjustment of the manufacturing pace of commercial airliners which was strongly felt by LISI AEROSPACE as of the 1st half of 2009, will be maintained over most of 2010. This decline was particularly significant in those procurement chain segments where it is difficult to know what the inventory levels are. Mainly in the U.S., the orders taken (-50% in 2009) are still at their lowest for aerostructure parts manufacturers and distributors. In Europe, the demand (-30% in 2009) is gradually adjusting to a more resistant level. The recovery, which in the best case scenario will not take place before the end of 2010, depends on the recovery of the air traffic, the financial health of airlines, and the progress of new programs (A380, B787 and A350);
- LISI MEDICAL is pursuing its commercial and industrial reorganization, while preparing for the possible consolidation of the acquisition under way;
- lastly, LISI COSMETICS, whose business activity has declined sharply since 2008, could well be the first to recover thanks to the announced end of the destocking carried out by its customers and the recent launch of a few large projects.

The four main strategic lines of the Group retain all their relevance and will continue to be implemented with rigor and determination:

- Preserve the cash situation,
- Protect the current operating margin,
- Continue with internal improvement works,
- Take part in market consolidation.

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Financial calendar (publications after closing of Paris Euronext)
Q1 2010 financial position: April 28, 2010
General Meeting of Shareholders: April 28, 2010
H1 2010 results: July 28, 2010
Payment of dividends: May 7, 2010

All of the financial information is available on the website at www.lisi-group.com under "Media releases".

LISI is a worldwide leading manufacturer of fasteners and assembly components for the Aerospace, Automotive, and Fragrance-Cosmetics industries. LISI MEDICAL, which comprises the companies Hugueny, Jeropa and Seignol, specialises in the outsourcing of medical implants for groups that develop medical solutions.

LISI shares are quoted on the Eurolist compartment B and are part of the CAC MID 100 – Next 150 index under ISIN code : FR 0000050353 . Reuters:GFII.PA - Bloomberg: FII FP

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LISI Group income statement

(In €'000)	Notes	12/31/2009	12/31/2008
Pre-tax sales		**695 071**	**844 254**
Changes in stock, finished products and production in progress		-26 427	22 377
Total production		668 644	866 631
Other revenues *		7 428	6 184
Total operating revenues		**676 072**	**872 815**
Consumption		(171 505)	(253 493)
Other purchases and external charges		(127 823)	(157 467)
Value added		**376 743**	**461 854**
Taxes and duties		(10 260)	(11 261)
Personnel expenses (including temporary employees)		(278 705)	(309 557)
EBITDA*		**87 779**	**141 036**
Depreciation		(43 577)	(41 249)
Net provisions		(10 013)	(877)
EBIT*		**34 188**	**98 910**
Non-recurring operating expenses		(12 473)	(5 171)
Non-recurring operating revenues		500	855
Operating profit *		**22 214**	**94 594**
Financing expenses and revenue on cash		**(4 197)**	**(8 885)**
Revenue on cash		*326*	*1 397*
Financing expenses		*(4 524)*	*(10 282)*
Other interest revenue and expenses		**(1 080)**	**2 847**
Other financial items		*4 433*	*6 009*
Other interest expenses		*(5 513)*	*(3 162)*
Taxes *		(7 800)	(32 445)
Profit for the period		**9 137**	**56 111**
Attributable to company equity holders		9 422	56 229
Minority interests		(285)	(118)
Revenue per share (in €):		**0.92**	**5.40**
Diluted earnings per share (in €):		**0.92**	**5.28**

LISI Group financial situation

ASSETS

(In €'000)	Notes	12/31/2009	12/31/2008
LONG-TERM ASSETS			
Goodwill		124 316	139 068
Other intangible assets		13 060	15 715
Tangible assets		258 362	255 984
Long-term financial assets		5 472	4 558
Deferred tax assets		6 901	14 462
Other long-term financial assets		100	141
Total long-term assets		**408 211**	**429 928**
SHORT-TERM ASSETS			
Inventories		147 473	201 187
Taxes – Claim on the state		5 219	5 718
Trade and other receivables		103 531	126 939
Other short-term financial assets		63 916	30 222
Cash and cash equivalents		20 582	25 665
Total short-term assets		**340 721**	**389 730**
TOTAL ASSETS		**748 933**	**819 660**
** of which non-current financial assets*		*0*	*0*

TOTAL EQUITY AND LIABILITIES

(In €'000)	Notes	31/12/2009	31/12/2008
SHAREHOLDERS' EQUITY			
Capital stock		21 508	21 508
Premiums		69 853	69 853
Treasury shares		(16 264)	(17 090)
Consolidated reserves		378 745	336 938
Conversion reserves		(14 662)	(12 406)
Other income and expenses recorded directly as shareholders' equity		2 159	2 752
Profit (loss) for the period		9 422	56 229
Total shareholders' equity - Group's share		**450 764**	**457 786**
Minority interests		-125	780
Total shareholders' equity		**450 639**	**458 567**
LONG-TERM LIABILITIES			
Long-term provisions		28 463	30 386
Long-term borrowings		76 528	84 399
Other long-term liabilities		1 545	3 096
Deferred tax liabilities		28 934	33 567
Total long-term liabilities		**135 470**	**151 449**
SHORT-TERM LIABILITIES			
Short-term provisions		8 069	8 205
Short-term borrowings*		36 432	40 887
Trade and other accounts payable		116 515	156 224
Taxes due		1 807	4 328
Total short-term liabilities		**162 823**	**209 643**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**748 933**	**819 660**
** of which banking facilities*		*13 495*	*13 983*

LISI Group cash flow table

(In €'000)	*31/12/2009*	*31/12/2008*
Operating activities		
Net earnings	**9 137**	**56 111**
Elimination of net charges not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	55 447	41 765
- Changes in deferred taxes	2 882	1 025
- Income on disposals, provisions for liabilities and others	1 604	5 006
Gross cash flow margin	**69 070**	**103 907**
Net changes in provisions provided by or used for current operations	7 642	1 474
Operating cash flow	**76 712**	**105 381**
Elimination of the income tax expense (revenue)	4 918	31 420
Elimination of net borrowing costs	4 111	9 188
Effect of changes in inventory on cash	41 600	(28 954)
Effect of changes in accounts receivable and accounts payable	(15 773)	(1 213)
Net cash provided by or used for operations before tax	**111 568**	**115 823**
Taxes paid	(7 175)	(31 751)
Cash provided by or used for operations (A)	**104 390**	**84 070**
Investment activities		
Acquisition of consolidated companies	(1 451)	(2 198)
Cash acquired	21	1 057
Acquisition of tangible and intangible assets	(49 465)	(65 671)
Acquisition of financial assets	(474)	
Change in granted loans and advances	(946)	634
Investment subsidies received		
Dividends received	4	1
Total cash used for investment activities	**(52 312)**	**(66 177)**
Disposed cash	2 800	
Disposal of consolidated companies	1 500	
Transfer of tangible and intangible assets	456	511
Disposal of financial assets	2	
Total cash from disposals	**4 758**	**511**
Cash provided by or used for investment activities (B)	**(47 554)**	**(65 665)**
Financing activities		
Capital increase	0	18
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(12 313)	(15 793)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	**(12 313)**	**(15 776)**
Issue of long-term loans	16 401	27 066
Issue of short-term loans	1 161	580
Repayment of long-term loans	(4 315)	(14 423)
Repayment of short-term loans	(23 206)	(20 517)
Net interest expense paid	(4 664)	(9 959)
Total cash from operations on loans and other financial liabilities	**(14 622)**	**(17 254)**
Cash provided by or used for financing activities (C)	**(26 935)**	**(33 029)**
Effect of changes in foreign exchange rates (D)	(1 628)	134
Effect of adjustments in treasury shares (D)	826	(9 241)
Changes in net cash (A+B+C+D)	**29 099**	**(23 732)**
Cash at January 1st (E)	41 904	65 635
Cash at year end (A+B+C+D+E)	71 003	41 904
Short-term investments	63 916	30 222
Cash and cash equivalents	20 582	25 665
Short-term banking facilities	(13 495)	(13 983)
Closing cash position	**71 003**	**41 904**

LISI Group shareholders' equity

(In €'000)	**Capital stock**	Share premiums	Treasury shares	Consolidated reserves	Conversion reserves	Other income and expenses recorded directly as shareholders' equity	Profit for the period, group share	**Group share of shareholders' equity**	**Minority interests**	**Total shareholders' equity**
Total shareholders' equity at January 1, 2008	**21 508**	**68 353**	**(7 814)**	**285 179**	**(12 495)**	**3 042**	**67 553**	**425 326**	**0**	**425 326**
Profit (loss) for the period N (a)							56 229	**56 229**	(118)	56 111
Translation differential (b)					89			**89**	72	161
Payments in shares (c)		1 500						**1 500**		1 500
Capital increase										
Restatements of treasury shares (d)			(9 276)			(290)		**(9 566)**		(9 566)
Appropriation of N-1 earnings				67 553			(67 553)			
Change in methods										
Change in scope									827	827
Dividends distributed				(15 793)				**(15 793)**		(15 793)
Reclassification										
Various (e)										
Shareholders' equity at December 31, 2008	**21 508**	**69 853**	**(17 090)**	**336 938**	**(12 406)**	**2 752**	**56 229**	**457 786**	**780**	**458 567**
of which total revenue and expenses recorded for the financial period (a) + (b) + (c) + (d) + (e)		***1 500***			***89***	***(290)***	***56 229***	***57 528***		
Profit (loss) for the period N (a)							9 422	**9 422**	(285)	9 137
Translation differential (b)					(2 257)			**(2 257)**	(14)	(2 271)
Payments in shares (c)				(2 109)				**(2 109)**		(2 109)
Capital increase										
Restatements of treasury shares (d)			826			(593)		**234**		234
Appropriation of N-1 earnings				56 229			(56 229)			
Change in methods										
Change in scope									(606)	(606)
Dividends distributed				(12 313)				**(12 313)**		(12 313)
Reclassification										
Various (e)										
Shareholders' equity at December 31, 2009	**21 508**	**69 853**	**(16 264)**	**378 745**	**(14 662)**	**2 159**	**9 422**	**450 764**	**(125)**	**450 639**
of which total revenue and expenses recorded for the financial period (a) + (b) + (c) + (d) + (e)				***(2 109)***	***(2 257)***	***(593)***	***9 422***	***4 464***		