

LISI POSTS A NEW IMPROVEMENT IN RESULTS IN 2012 THANKS TO AEROSPACE

More progress at the strategic level

- Sales revenues €1.08 billion (up 16.9%), including organic growth of 8.8%
- EBIT €100.4m sharply up: +29%
- Improvement in current operating margin: 9.3%, close to the nominal target of 10%
- Free Cash Flow still positive: €38m after €78m in investments
- Continued reduction in borrowings: - €26m to €77m
- Average return on capital employed up by 2.2 points: 15.5% before tax

Accentuated contrasts in performance between divisions

- LISI AEROSPACE achieved 91% of the consolidated EBIT
- LISI AUTOMOTIVE felt the full impact of the slowdown of the two French car manufacturers
- LISI MEDICAL continued its repositioning

Dividend: €1.40 per share

Ongoing dynamic outlook in aerospace, but more uncertain in automotive and in the recovery in medical

Belfort, February 20, 2012 – The LISI Board of Directors has met under the chairmanship of Mr. Gilles Kohler and reviewed the finalized financial statements for the period ended December 31, 2012. They will be submitted for approval to the General Meeting on April 25, 2013.

<i>12 months ending December 31,</i>		<i>2012</i>	<i>2011*</i>	<i>Change</i>
Key elements of the income statement				
Sales revenue	€m	1,081.3	925.1	+ 16.9%
EBITDA	€m	154.8	122.1	+ 26.8%
EBITDA margin	%	14.3	13.2	+ 1.1 pts
EBIT	€m	100.4	78.1	+ 28.6%
Current operating margin	%	9.3	8.4	+ 0.9 pts
Earnings attributable to holders of company equity	€m	57.3	59.2	- 3.2%
Net earnings per share	€	5.47	5.70	- 4.0%
Key elements of the cash flow statements				
Operating cash flow	€m	119.7	95.3	+ 25.6%
Net CAPEX	€m	- 78.4	- 64.9	+ 20.8%
Free Cash Flow	€m	38.5	6.4	
Key elements of the financial structure				
Net debt	€m	76.7	102.6	-25.2%
Ratio of net debt to equity		13.3%	19.1%	- 5.8 pts

** Since the Group had made early adoption of the revised version of IAS 19 on 01.01.12, the 2011 financial statements have been restated.*

Sales revenues €1.08 billion (up 16.9%), including organic growth of 8.8%

The Group's growth reflects the following main developments:

- Sales and production growth in the "Aerospace Fasteners" division, firstly in Europe, and then with a solid continuation during the year on the part of the American platform,
- Integration of 3 sites acquired with the Creuzet Aéronautique group, to create the "Structural Components" division,
- Consolidation of the organization of LISI MEDICAL and a marked recovery in business activity in the second half year (H1 -20%, H2 -3%),
- Ongoing industrial reorganization of LISI AUTOMOTIVE with the need to adapt costs to the significant change in automotive demand over recent quarters (from 5% to -6%).

Notwithstanding a negative effect as compared with the previous year, foreign exchange hedging strategy helped produce a significant financial profit of €3.2m, posted to Other Operating Income.

At constant exchange rates and scope of consolidation, growth was up 8.8%. It stood up throughout the year with the effect of a higher comparison base. It should be noted that the Group's scope of consolidation in 2012 was very similar to that of 2011 following a period of intense reorganization between 2010 and 2011.

	LISI Consolidated	of which LISI AEROSPACE	of which LISI AUTOMOTIVE	of which LISI MEDICAL
Q1	281.2	141.8	122.0	17.9
Q2	276.5	151.4	109.3	16.2
Q3	260.2	145.3	98.3	17.0
Q4	263.5	153.1	97,0	13.8
2012	1,081.0	591.7	426.6	64.8

Following the acquisition of the Creuzet Aéronautique group and thanks to strong organic growth at LISI AEROSPACE, the Group now achieves over 55% of its sales revenues in the aerospace field, as against 44% in 2011; automotive business represents only 39%, as against 48% in 2011. LISI MEDICAL contributes 6% to the consolidated sales revenues.

Improvement in current operating margin: 9.3%, close to the nominal target of 10%

LISI AEROSPACE is the main contributor to the Group's income and therefore to its development. The LISI AUTOMOTIVE division is sharply down due to adjusting production to the deteriorating market and continuing operating difficulties at some sites. The LISI MEDICAL division still remains marginal in size and its results are down.

However, all management indicators are up, particularly in absolute value. Gross operating profit was up 26.8% to €154.8m, which is 14.3% of sales revenues. EBIT is up more significantly at €100.4m (+28.6%), which was 9.3% of sales revenues, against €78.1m in 2011, despite write-downs of €55.6m, compared with €47.7m in 2011.

Thanks to the excellent performance of LISI AEROSPACE as compared with the low point in 2010, the operating margin was up almost 1.0 point from one year to the next. At 9.3%, it was close to the nominal target of 10%.

Non-current expenses were fairly high for the 2012 financial year and reflect the consequences of the difficult and possibly long-term situation in the European automotive market. This has led to an impairment of intangibles of €3.4m in the clipped fasteners business. In addition, the Group has also made provisions for several environmental risks for getting up to standard and for some pockets of "historical pollution", which led to an additional provision of €5.6m.

Non-operating revenues are made up on the one hand of the cost of financing, which shows almost €1m in savings due to a drop in the rates of the non-hedged part, and on the other hand, foreign exchange fluctuations, which generated a profit for non-operating income in this financial year of €2.3m. This figure includes the positive effect of foreign exchange hedging of €1.2m. It should also be noted that effective hedging permitted maintaining operating income at €3.2m.

The tax bill reflects an average tax rate of 30.19% (excluding surplus and the Contribution on Companies' Added Value (CVAE), taking into account that the "Employment Competitiveness Tax Credit" economic tax measures in France do not affect the 2012 financial year and a certain number of provisions are not immediately deductible. This rate is accordingly up on 2011 (29.71%).

At €57.3m net income is accordingly virtually stable, while in 2011 it included almost €9.8m of capital gains from the disposal of LISI COSMETICS; on a comparable basis, it was up 18%.

Earnings per share were €5.47 as against €5.70 in 2011.

Based upon the results, the Group is asking the Shareholders' General Meeting to approve setting the dividend at €1.40 per share for the 2012 financial year.

Continued reduction in borrowings

At €78.4m, which was 7.3% of sales revenues, the level of investment outlays has reached a high point that reflects the many new product development projects in the 3 divisions:

- increased capacity in the aerospace division
- renewal of the equipment and productivity efforts in the automotive division
- expanded technological capabilities in the Medical division.

Consolidated working capital requirements remained virtually stable in absolute terms, and improved slightly in relative terms to less than 85 days. With cash flow at a good level at €119.7m, investments could be easily handled while maintaining a net Free Cash Flow of €38.5m, as compared with €6.4m in 2011.

The Group has accordingly been able to continue to reduce its borrowings, to post net borrowings of €76.7m (as against €102.6m at the end of 2011). Its financial structure has improved since gearing, the ratio of net borrowings to shareholders equity, was €576m, being 13.3%, as against 19.1% last year.

Capital employed, even if it continues to increase to €738.3m (as against €709.9m in 2011), has been optimized: profitability has continued to rise for 3 successive years and ROCE is now 15.5% (as against 13.3% in 2011).

LISI AEROSPACE

- Excellent market conditions
- Strong growth in the two entities, LISI AEROSPACE Fasteners and LISI AEROSPACE Structural Components
- Major industrial investments
- EBIT up
- High Free Cash Flow

	2012	2011*	Change
Sales revenue (in €m)	591.7	407.6	+ 45%
			<i>At constant scope and exchange rates</i>
Current operating margin	15.4%	12.5%	+ 2.9 pts
Free cash flow (€m)	38.8	22.7	+ €16.1m
<i>As a % of sales revenue</i>	<i>6.6%</i>	<i>5.6%</i>	<i>+1.0 pts</i>

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LISI AUTOMOTIVE

- Varying and poor market conditions
- Major drop in performance
- EBIT stable
- Industrial investments maintained
- Free Cash Flow slightly negative

	2012	2011*	Change
Sales revenue (in €m)	426.6	446.3	-4%
			<i>At constant scope and exchange rates</i>
Current operating margin	0.5%	5.3%	- 4.8 pts
Free cash flow (€m)	- 4.1	- 11.5	+ €7.4m
<i>As a % of sales revenue</i>	<i>n.a.</i>	<i>n.a.</i>	

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LISI MEDICAL

- Unstable market conditions at end 2012
- Continuing industrial and sales repositioning
- Major industrial investments
- Drop in operating profit limited by a recovery in H2
- Free Cash Flow positive for the period

	2012	2011*	Change
Sales revenue (in €m)	64.8	74.0	- 12%
			<i>At constant scope and exchange rates</i>
Current operating margin	4.3%	7.4%	- 3.1 pts
Free cash flow (€m)	- 1.2	4.1	- €5.3m
<i>As a % of sales revenue</i>	<i>na</i>	<i>na</i>	

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OUTLOOK: Ongoing dynamic outlook in aerospace, but more uncertain in automotive and in the recovery in medical

The American platform of LISI AEROSPACE Fasteners is expected to take over from the European operations through the effect of the increased implementation of the new contract with Boeing. At the same time, LISI AEROSPACE's Structural components business ought to see growth at the same rate as the production of the major manufacturers. On the other hand, the automotive division, on account of its heavy exposure to the European market, has an uncertain outlook, which, however, is nuanced by opportunities to take market share in Germany and new projects in general. The medical business ought now to demonstrate its full potential with the launch of major new developments.

The Group has just passed a strategic milestone by going beyond sales revenues of €1 billion. It has to continue to improve operating conditions to achieve a double-digit consolidated operating margin and keep Free Cash Flow clearly positive. The deployment of the "Leap" plan within the Group has facilitated implementation of "lean manufacturing" methods at all the sites with encouraging results at the pilot plants.

The Group's three divisions have to contribute to the target of improving operating profitability in 2013:

- The aerospace division still has growth potential in the USA and in the structural components business. Better use of production capacity at the Torrance plant should therefore lead to an improved contribution by the American platform. The subsidiaries Creuzet Aéronautique and Indraero Siren also ought to improve their contributions. On the other hand, Fasteners in Europe will no longer benefit from the volumes generated by setting up the A350 production line, which was significant in 2011 and 2012.
- The automotive division is ready to enter 2013 in difficult conditions, with business still lifeless at French car manufacturers and a situation of launching new products that is weighing on productivity. This division's ability to recover must be judged in the long-term, with a performance which remains very low compared with historic figures.
- Business in the LISI MEDICAL division should become consolidated with the launch of several projects and the Group's desire to redeploy towards customers and segments that offer middle- and long-term growth.

At the same consolidation scope, the economic uncertainties do not allow us to hope for levels of growth in 2013 as dynamic as those in 2011 and 2012.

The Group benefits from a very solid financial situation, which will allow it to grasp opportunities that might occur in the aerospace or medical fields and to continue its ambitious industrial investments plan in its three divisions. LISI is in this way demonstrating the validity of its long-term strategy model that is based on areas with quite different business cycles. Continued growth will remain balanced between internal and external growth, together with constant management efforts.

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

Q1 2013 financial information: April 25, 2013

Shareholders' General Meeting: April 25, 2013

H1 2013 results: July 24, 2013

Q3 2013 financial information: October 24, 2013

LISI shares are listed on the Eurolist compartment B market and are part of the CAC MID 100 – Next 150 index 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. LISI MEDICAL specializes in the subcontracting of implants for groups developing medical solutions.

Reuters:GFII.PA
Bloomberg:FII FP



LISI Group consolidated income statement

<i>(In €'000)</i>	31/12/2012	12/31/2011***
Pre-tax sales	1 081 341	925 095
Changes in stock, finished products and production in progress	9 105	25 668
Total production	1 090 446	950 763
Other revenues *	16 925	14 457
Total operating revenues	1 107 371	965 221
Consumed goods	(301 821)	(275 698)
Other purchases and external charges	(204 490)	(187 797)
Value added	601 060	501 726
Taxes and duties **	(8 674)	(7 687)
Personnel expenses (including temporary employees)	(437 578)	(371 952)
EBITDA	154 808	122 087
Depreciation	(55 560)	(47 718)
Net provisions	1 170	3 764
EBIT	100 418	78 133
Non-recurring operating expenses	(11 889)	(2 931)
Non-recurring operating revenues	2 669	10 645
Operating profit	91 199	85 847
Financing expenses and revenue on cash	(3 572)	(4 401)
<i>Revenue on cash</i>	204	658
<i>Financing expenses</i>	-3 776	5 059
Other interest revenue and expenses	1 203	1 588
<i>Other financial items</i>	15 608	9 942
<i>Other interest expenses</i>	(14 405)	(8 354)
Taxes (of which CVAE (Tax on Companies' Added Value)**)	(31 715)	(24 808)
Profit (loss) from assets held for sale	0	805
Profit (loss) for the period	57 115	59 030
Attributable as company shareholders' equity	57 287	59 177
Interest not granting control over the company	(172)	(147)
Earnings per share (in €):	5,47	5,70
Diluted earnings per share (in €):	5,47	5,70

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2012 financial statements the Company has continued classifying revenues related to CIR (Research Tax Credit) as "Other Revenues".

** As at December 31, 2012, in accordance with the CNC (National Accounting Committee) notice of January 14, 2010, the amount of CVAE (Tax on Companies' Added Value) was classified as "Corporate Taxes" (on profits) in the sum of -€5.6m.

*** The group has opted for early application as of January 1, 2012 of the revised IAS 19; therefore, the financial statements for fiscal 2011 have been restated in accordance with the new rules for comparison purposes.

LISI Group consolidated balance sheet

ASSETS

(In €'000)	31/12/2012	12/31/2011**
LONG-TERM ASSETS		
Goodwill	178 612	182 611
Other intangible assets	14 052	15 382
Tangible assets	343 896	326 872
Long-term financial assets	5 977	5 642
Deferred tax assets	14 289	24 685
Other long-term financial assets	937	24
Total long-term assets	557 763	555 216
SHORT-TERM ASSETS		
Inventories	246 711	238 879
Taxes – Claim on the state	49	915
Trade and other receivables	153 133	158 847
Other short-term financial assets	71 535	51 883
Cash and cash equivalents	30 625	45 675
Total short-term assets	502 053	496 199
TOTAL ASSETS	1 059 816	1 051 415

TOTAL EQUITY AND LIABILITIES

(In €'000)	31/12/2012	12/31/2011**
SHAREHOLDERS' EQUITY		
Capital stock	21 573	21 573
Additional paid-in capital	70 803	70 803
Treasury shares	(14 616)	(15 461)
Consolidated reserves	445 588	399 954
Conversion reserves	(2 383)	1 599
Other income and expenses recorded directly as shareholders' equity	(3 598)	(414)
Profit (loss) for the period	57 287	59 177
Total shareholders' equity - Group's share	574 657	537 232
Minority interests	1 360	1 458
Total shareholders' equity	576 017	538 690
LONG-TERM LIABILITIES		
Long-term provisions	64 054	53 850
Long-term borrowings	111 004	136 408
Other long-term liabilities	7 608	5 725
Deferred tax liabilities	23 511	37 625
Total long-term liabilities	206 178	233 608
SHORT-TERM LIABILITIES		
Short-term provisions	16 483	14 737
Short-term borrowings*	67 851	63 788
Trade and other accounts payable	188 093	194 711
Taxes due	5 194	5 882
Total short-term liabilities	277 621	279 117
TOTAL SHAREHOLDERS' EQUITY AND LIABILITY	1 059 816	1 051 415
<i>* of which banking facilities</i>	10 892	29 565

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<i>(In €'000)</i>	31/12/2012	12/31/2011*
Profit (loss) for the period	57 115	59 030
Other elements of overall earnings		
Exchange rate spreads resulting from foreign business	(3 907)	3 949
Change in fair value of cash flow hedging instruments	(53)	1 277
Actuarial gains and losses out of employee benefits	(4 652)	(2 721)
Restatements of treasury shares	48	113
Payment in shares	1 473	979
Other portions of global earnings, after taxes	(7 091)	3 597
Total overall income for the period	50 024	62 627
attributable as company shareholders' equity	50 121	62 816
Interest not granting control over the company	(97)	(189)

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LISI Group consolidated cash flow table

<i>(In € '000)</i>	31/12/2012	12/31/2011*
Operating activities		
Net earnings	57 115	59 030
Elimination of net charges not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	59 444	47 665
- Changes in deferred taxes	(1 966)	297
- Income on disposals, provisions for liabilities and others	8 326	(10 190)
Gross cash flow margin	122 919	96 801
Net changes in provisions provided by or used for current operations	(3 241)	(1 503)
Operating cash flow	119 678	95 299
Income tax expense (revenue)	33 681	24 511
Elimination of net borrowing costs	3 390	4 009
Effect of changes in inventory on cash	(6 030)	(33 562)
Effect of changes in accounts receivable and accounts payable	4 055	13 203
Net cash provided by or used for operations before tax	154 774	103 459
Taxes paid	(34 442)	(28 138)
Cash provided by or used for operations (A)	120 332	75 321
Investment activities		
Acquisition of consolidated companies	(10)	(100 000)
Cash acquired	0	5 569
Acquisition of tangible and intangible fixed assets	(79 268)	(65 182)
Acquisition of financial assets	0	0
Change in granted loans and advances	(438)	(150)
Investment subsidies received	0	0
Dividends received	0	0
Total cash used for investment activities	(79 716)	(159 764)
Divested cash	744	(6 476)
Disposal of consolidated companies	2 805	31 920
Disposal of tangible and intangible fixed assets	857	277
Disposal of financial assets	1	22
Total cash from disposals	4 407	25 742
Cash provided by or used for investment activities (B)	(75 309)	(134 021)
Financing activities		
Capital increase	(16)	0
Net disposal (acquisition) of treasury shares	0	0
Dividends paid to shareholders of the Group	(13 531)	(10 913)
Dividends paid to minority interests of consolidated companies	0	0
Total cash from equity operations	(13 547)	(10 913)
Issue of long-term loans	37 665	87 914
Issue of short-term loans	704	229
Repayment of long-term loans	(4 041)	(2 062)
Repayment of short-term loans	(37 079)	(18 520)
Net interest expense paid	(3 510)	(4 052)
Total cash from operations on loans and other financial liabilities	(6 261)	63 509
Cash provided by or used for financing activities (C)	(19 808)	52 596
Effect of change in foreign exchange rates (D)	(2 435)	122
Reclassification (D)	496	1 018
Changes in net cash (A+B+C+D)	23 276	(4 964)
Cash at January 1st (E)	67 993	72 957
Cash at year end (A+B+C+D+E)	91 269	67 993
Other short-term financial assets	71 534	51 883
Cash and cash equivalents	30 624	45 675
Short-term banking facilities	(10 892)	(29 565)
Closing cash position	91 269	67 993

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Change in LISI Group consolidated shareholders' equity

<i>(In €'000)</i>	Capital stock	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
Shareholders' equity at January 1, 2011*	21 573	70 803	(15 202)	379 825	(2 392)	(62)	32 924	487 468	858	488 325
Profit (loss) for the period N (a)							59 177	59 177	(147)	59 030
Translation differential (b)					3 991			3 991	(42)	3 949
Payments in shares (c)						979		979		979
Capital increase	0	0						0	0	0
Restatements of treasury shares (d)			(259)			113		(146)		(146)
Restatements as per IAS19 (g)						(2 721)		(2 721)		(2 721)
Appropriation of N-1 earnings				32 924			(32 924)	0		0
Change in methods				(1 428)				(1 428)		(1 428)
Change in scope				0				0	789	789
Dividends distributed				(10 913)				(10 913)	0	(10 913)
Reclassification								0		0
Restatements of financial instruments (f)						1 277		1 277		1 277
Various (e)				(454)				(454)		(454)
Shareholders' equity at December 2011*	21 573	70 803	(15 461)	399 954	1 599	(414)	59 177	537 232	1 458	538 690
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (g)		0			3 991	(352)	59 177	62 816	(42)	
Profit (loss) for the period N (a)							57 287	57 287	(172)	57 115
Translation differential (b)					(3 982)			(3 982)	75	(3 907)
Payments in shares (c)						1 473		1 473		1 473
Capital increase	0	0	(16)					(16)	0	(16)
Restatements of treasury shares (d)			861			48		909		909
Restatements as per IAS19 (g)						(4 652)		(4 652)		(4 652)
Appropriation of N-1 earnings				59 177			(59 177)	0		0
Change in methods								0		0
Change in scope				(12)				(12)	0	(12)
Dividends distributed				(13 531)				(13 531)	0	(13 531)
Reclassification								0		0
Restatements of financial instruments (f)						(53)		(53)		(53)
Various (e)								0		0
Shareholders' equity at December 2012	21 573	70 803	(14 616)	445 588	(2 383)	(3 598)	57 287	574 657	1 360	576 017
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (g)					(3 982)	(3 184)	57 287	50 121	75	

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