



2016

Annual report

LINK SOLUTIONS FOR INDUSTRY

lisi

STAYING AHEAD

Opening of a

Acquisition of FORM a.s.
in the Czech Republic
(LISI AUTOMOTIVE)

GFI became LISI (Link Solutions for Industry),
a group focused on three divisions:
LISI AEROSPACE, LISI AUTOMOTIVE
and LISI COSMETICS

2002

GFI Industries continued to strengthen its positions
in its three sectors by acquiring over 15 companies
throughout Europe and the US

1990/2000

GFI was floated on the Paris Stock Exchange's over-
the-counter market and became GFI Industries

1989

GFI acquired BLANC AERO, which specialized
in aerospace parts and in packaging components for
the Perfumery sector. This new group is named GFI

1977

KOHLER, JAPY and VIELLARD merged. The three founding
families were then part of CID (Compagnie Industrielle de
Delle), owning a controlling stake in the LISI Group

1968

The Société Industrielle de Delle was founded by
the DUBAIL-KOHLER family in the town of Delle,
Belfort. The company quickly began to specialize
in the manufacture of machine-turned screws

1899

JAPY Frères launched the first
industrial manufacturing plant
in France for forged wood screws,
with VIELLARD & MIGEON as partner

1806

MIGEON & DOMINE was founded
in Morvillars, later to become
VIELLARD MIGEON et
Compagnie (VMC)

1796

Frédéric JAPY set up
a watch movement factory
in Beaucourt, near Montbéliard

1777

20

2007

Acquisition of KNIPPING
in Germany (LISI AUTOMOTIVE).
factory in Canada (LISI AEROSPACE).
Sale of Gradel (LISI AUTOMOTIVE)

2005

2004

2016

On April 11, 2016, the LISI Group acquired 100% of the Remmele Medical Operations securities. During financial year 2016, the Group increased its equity interests in its subsidiary ANKIT Fasteners Pvt Ltd, enabling it to hold 51% of the share capital.

2015

Creation of LISI AEROSPACE Additive Manufacturing, a joint-venture with Poly-Shape specializing in 3D printing

2014

Acquisition of MANOIR Aerospace, a group specializing mainly in complex structural components

2012

LISI sold 100% of its holdings in its subsidiary KNIPPING Umformtechnik GmbH to Gris Invest SAS.
Merger of Indraero Morocco and Creuzet Morocco

2011

LISI refocused on its strategic markets: deconsolidation of LISI COSMETICS and purchase of the Creuset Group (LISI AEROSPACE)


2010

The Group acquired two sites from US Group: Acument Global Technologies (LISI AUTOMOTIVE) and the production site of Stryker - hip prostheses (LISI MEDICAL)

2008

LISI AUTOMOTIVE increased its presence in China with the purchase of a second manufacturing plant in Shanghai (screwed fasteners and safety mechanical components)

Creation of the LISI MEDICAL subdivision, specializing in the manufacture of surgical (spinal & orthopedic) and dental implants



1,571 €M

SALES REVENUE IN 2016

The dynamism of the main markets of the LISI Group generated revenues up 7.8% compared to 2015 of which 4.6% organic growth.

11,587

EMPLOYEES

2016 was marked by a significant increase in the workforce of the LISI Group, with a net increase of 6% compared to 2015. This development is linked to the growth in activity and the increase in the Group's scope.

44

INDUSTRIAL SITES
SCATTERED IN 13 COUNTRIES

The LISI Group has a very strong global presence. Present in 13 countries in the world, it generates 64% of its sales on exports. Europe accounts for more than 70% of the Group's business, half of which is in France.

A worldwide company specializing in the design and manufacture of assembly solutions

The LISI Group is an international leader, whose activity is focused on the design and manufacture of high value-added assembly solutions. The Group's international dimension, its capacity for innovation and above all the performance of its production base, allow for solutions tailored to the requirements of its major clients. The Group develops its solutions everywhere where the problems are complex and bring added value and innovation. Hence over the years, LISI has won leadership positions in its three areas of activity: aerospace, automotive, and medical.

LISI AEROSPACE

manufactures fasteners, assembly and structural components for the world largest players in the Aerospace sector.

63%
OF GROUP SALES

LISI AUTOMOTIVE

provides metallic and plastic assembly solutions and safety mechanical components for worldwide automotive manufacturers and suppliers.

29%
OF GROUP SALES

LISI MEDICAL

manufactures medical implants, ancillary implants and value added instruments.

8%
OF GROUP SALES

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+ 7.8%

increase in sales in 2016

“Thanks to the dynamism of its main markets, the LISI Group generated **sales of € 1.57 billion**, an increase of + 7.8% compared to 2015, of which 4.6% was organic growth”



EMMANUEL VIELLARD
Chief Executive Officer of LISI

Gilles KOHLER
Chairman of LISI

Accelerated international development, moving towards Industrial Excellence

Results up and continued value creation

With a new governance after the Board's decision in February 2016 to split the functions of Chairman and Chief Executive Officer, the Group continued its international development and recorded strong growth in its economic and financial results.

Thanks to the dynamism of its main markets, notably that of aeronautics, but also with the contribution of the American company REMMELE Medical Operations acquired in May 2016, the LISI Group generated sales of €1.57 billion, an increase of +7.8% compared to 2015, of which 4.6% was organic growth.

This increase in activity brings the Group's current operating income to a record level of €157 million, for an operating margin of 10%.

In the construction of this result, our aerospace division is still making a major contribution despite the high costs of industrialization of new parts and the intensification of its research and development expenditure; in the meantime, our automotive and medical divisions saw their profitability rise for the fourth consecutive year as a result of their efforts for productivity, management and marketing of new products.

Benefiting from favorable currency and hedging effects, net income increased significantly to €107 million, up +31% compared with fiscal year 2015, and generated Free Cash Flow of €73 million after a record volume of industrial expenditures.

Lastly, including the purchase of REMMELE Medical Operations, the Group's net indebtedness of €218 million corresponds to a gearing of 25% and an EBITDA ratio of 0.9 which is much lower than the Group's banking covenants.

Internationalization and strategic developments

Of course, the major strategic fact of fiscal year 2016 remains the acquisition of the American company REMMELE Medical Operations, which specializes in the components dedicated to minimally invasive surgery with significant positions in spinal surgery. By joining our division LISI MEDICAL, REMMELE Medical Operations contributes new markets as well as new products and propels it into the Top 5 of the world's leading manufacturers of prostheses and medical instruments.

The Group also strengthened its internationalization in 2016 with the majority takeover of the Indian aeronautical fasteners company Ankit Fasteners; although small, it offers access to the

Consolidated sales

in €M

1,571.1 €M**1,458.1** 2015**1,305.6** 2014**1,149.0** 2013**Ebitda**

in €M and in % of sales

237.1 €M
15.1 % of sales**204.1** 2015 **14,0%****193.2** 2014 **14,8%****178.9** 2013 **15,6%****Ebit**

in €M and in % of sales

157.5 €M
10 % of sales**146.5** 2015 **10,0%****131.7** 2014 **10,1%****128.9** 2013 **11,2%**

Indian market and a source of development for LISI AEROSPACE in standardized products whose production in Europe or the USA is no longer competitive. Likewise, in 2016 LISI AUTOMOTIVE started the first production of clip parts at its Mexican site of Monterrey and saw the takeoff of sales and profitability at its Shanghai plant, which specializes in mechanical braking components for parts manufacturers in China.

At the same time, all our divisions continued their efforts to modernize their industrial facilities, as shown by the Group's expenditure of €120 million, or 7.6% of sales, a ratio still higher than the historically high average of the last five financial years.

Outlook and challenges for 2017

At the beginning of 2017, growth prospects for the Group's main markets remain robust. Major aeronautical programs for aircraft manufacturers and engine manufacturers are set to continue their ramp-up; in the automotive as well as in the medical sector, many technological projects, where our divisions are stakeholders, should support the activity of our major customers.

In a basically favorable environment, the LISI Group continues to invest in innovations and strategic areas such as the development of the new "OPTIBLIND™" aeronautical assembly system, the

ramp-up of LISI AEROSPACE Additive Manufacturing in the design and manufacture in 3D printing of mechanical parts or the acceleration of the automation and robotization plans across the Group's divisions.

This context of growth through innovation and the capture of market share makes it necessary to optimize industrial processes and implement internal transversal programs such as LEAP (LISI Excellence Achievement Program), E-HSE (HSE Excellence) and COS (Controlling Operating System) on which are based all of the Group's synergy.

Finally, to show its confidence in the future and to express to its shareholders recognition for their support, the Board of Directors will propose a dividend of €0.45 per share, up for the 7th consecutive year and +15% higher than the previous year.

"The acquisition of the American company REMMELE Medical Operations is one of the major events of 2016. It propels LISI MEDICAL into the world's Top 5 manufacturers of prostheses and medical instruments".

Equity capital

in €M

865 €M

793 2015

709 2014

626 2013

Capital expenditures

in €M and in % of sales

119.6 €M
7.6% of sales

111.6 2015 **7,6%**

90.6 2014 **6,9%**

87.7 2013 **7,6%**

Workforce registered

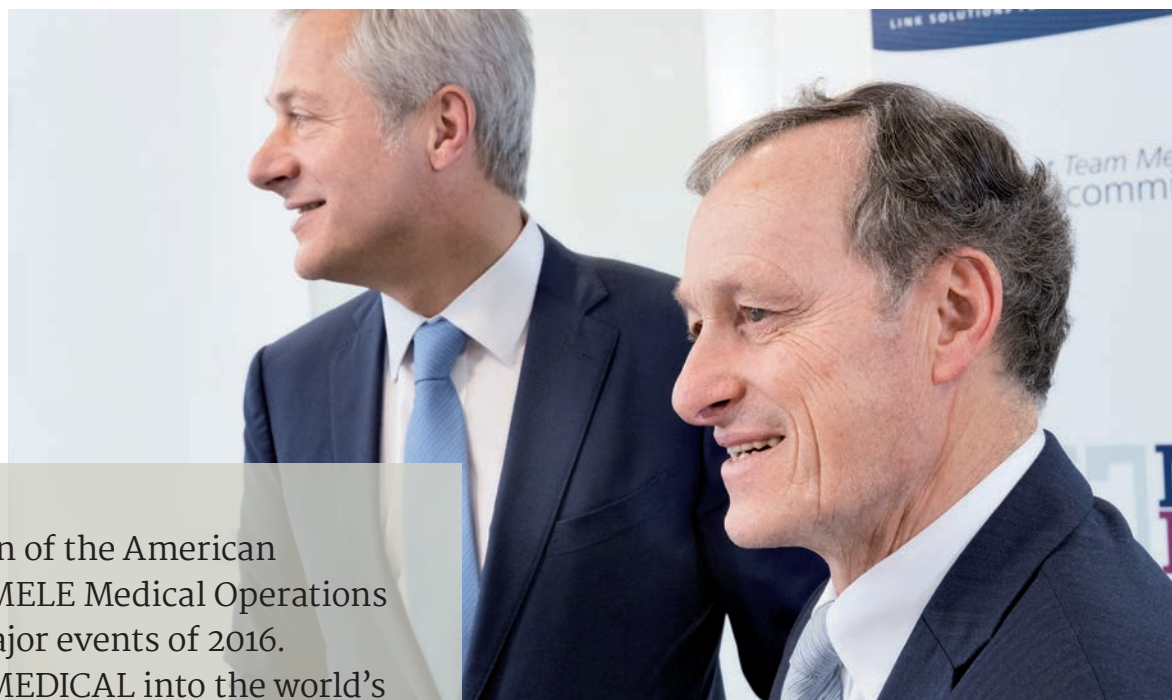
Staff

11,587

10,923 2015

10,701 2014

9,239 2013



“The acquisition of the American company REMMELE Medical Operations is one of the major events of 2016. It propels LISI MEDICAL into the world’s Top 5 manufacturers of prostheses and medical instruments”

Executive Committee

LISI



Emmanuel VIELLARD
Chief Executive Officer
Chairman of LISI AEROSPACE
Chairman of LISI AUTOMOTIVE
Chairman of LISI MEDICAL

Jean-Philippe KOHLER
Deputy CEO in charge
of internal audit
and HR coordination



Christophe LESNIAK
Senior Vice President
Industrial and Purchasing
Manager of LISI

Christian DARVILLE
Senior Vice President
Administration & Strategic
Development North America

Cécile LE CORRE
Chief Legal Officer

LISI AEROSPACE



Emmanuel NEILDEZ
Chief Operating Officer

Jean-Louis COLDERS
Chief Executive Officer



**François-Xavier
DU CLEUZIOU**
Senior Vice President – Customers

Jean-François MICHELETTI
Senior Vice President – Finance



Alain-Jory BARTHE
Senior Vice President General Manager
Business Group Forging

Marc STEUER
Senior Vice President General Manager
Business Group Extrusion Forming &
Sheet Metal

LISI AUTOMOTIVE



François LIOTARD
Chief Executive Officer

Patrick WEISSE
Senior Vice President Finance and
Administration



Laurent SANCHEZ
Senior Vice President General Manager
Business Group Clipped Solutions

Martin BELEY
Senior Vice President General Manager
Business Group Safety Mechanical
Components



Christophe MARTIN
Senior Vice President General Manager
Business Group Threaded Fasteners
France

Ingo GREUEL
Senior Vice President General Manager
Business Group Threaded Fasteners
Germany / Spain

LISI MEDICAL



Olivier LE BARS
Chief Executive Officer

Board of Directors

Gilles KOHLER
Chairman

**Emmanuel
VIELLARD**
Director

**Capucine
ALLERTON-KOHLER**
Director

Eric ANDRE
Director

Isabelle CARRERE
Director

Patrick DAHER
Independent Director

**Jean-Philippe
KOHLER**
Permanent
Representative
of CIKO to the LISI Board
of Directors
Director

Pascal LEBARD
Independent Director

Lise NOBRE
Deputy Chairman
Independent Director

Christian PEUGEOT
Director

Thierry PEUGEOT
Permanent
Representative
of CID to the LISI Board
of Directors
Director

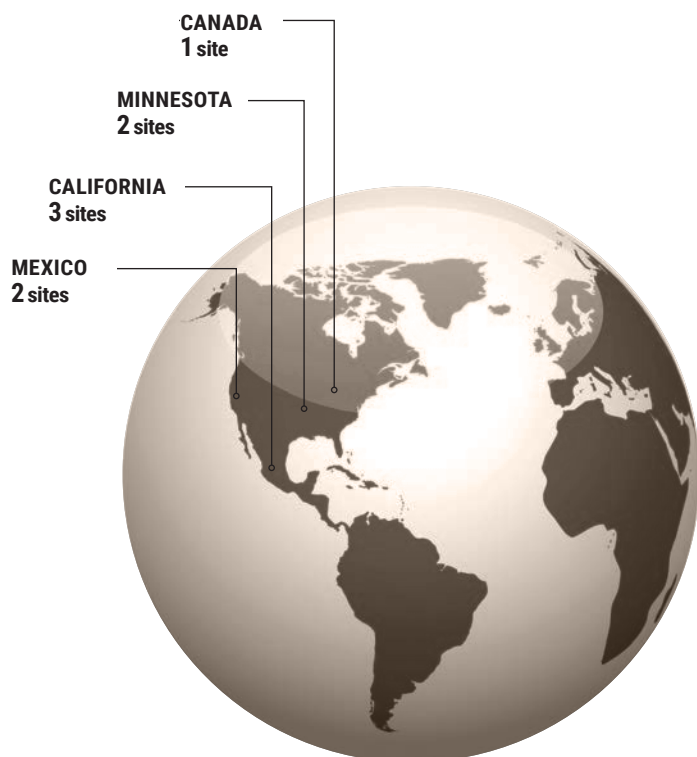
**Marie-Hélène
RONCORONI**
Director

Cyrille VIELLARD
Permanent
Representative
of VMC to the LISI Board
of Directors
Director

A group presents in 13 countries over 4 continents

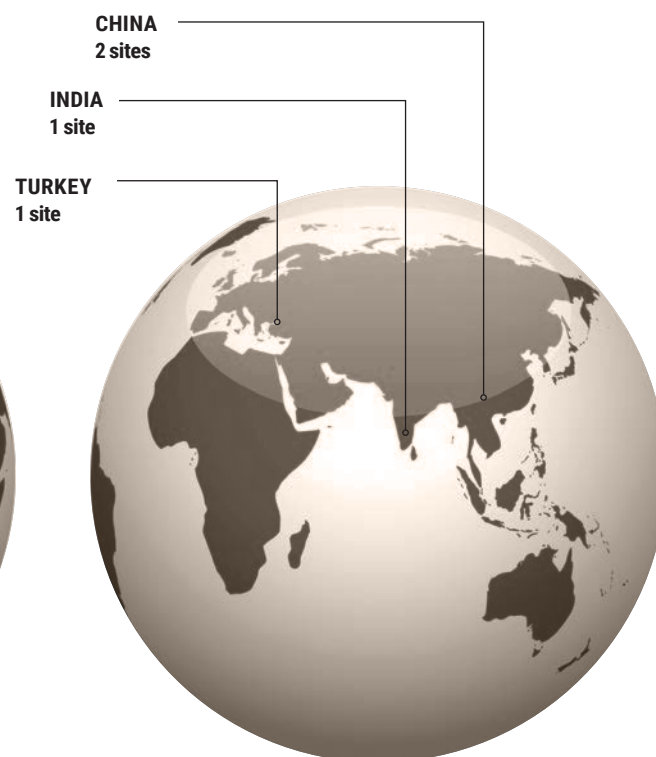
NORTH AMERICA

8 sites



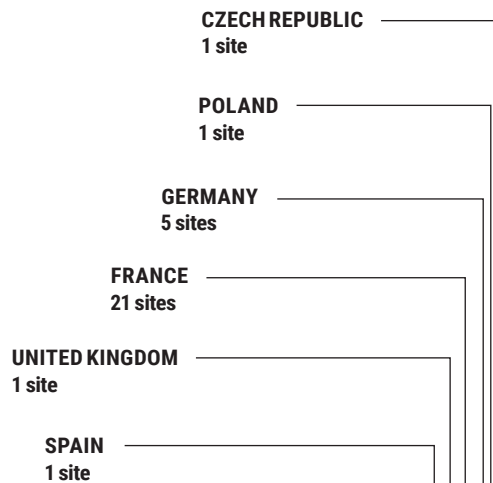
ASIA

4 sites

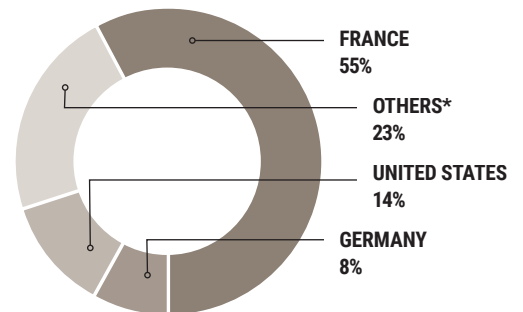


EUROPE

30 sites



BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA

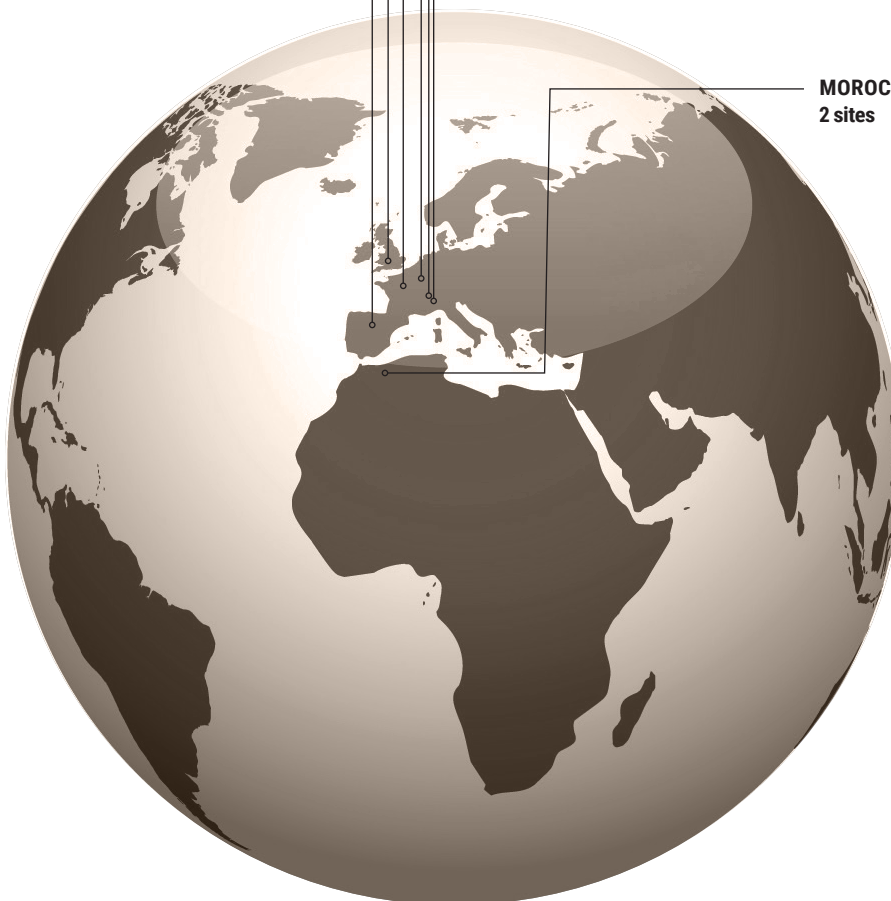


* incl. Canada, China, Spain, India, Morocco, Mexico, Poland, Czech Republic, United Kingdom, Turkey

AFRICA

2 sites

MOROCCO
2 sites



Staying ahead

Innovation and the search for efficiency are the two levers of LISI's development strategy. The Group's ability to imagine new solutions, the performance level of its industrial base, as well as the involvement of the women and men who contribute to its development, are the source of its leadership. In 2016, LISI continued to deploy its LISI SYSTEM operational excellence program and invested €120 million to increase and upgrade its capabilities.

STRATEGY > INNOVATION

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STRATEGY > OPERATIONAL AND INDUSTRIAL EXCELLENCE

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Numerical simulation
to develop complex production tooling

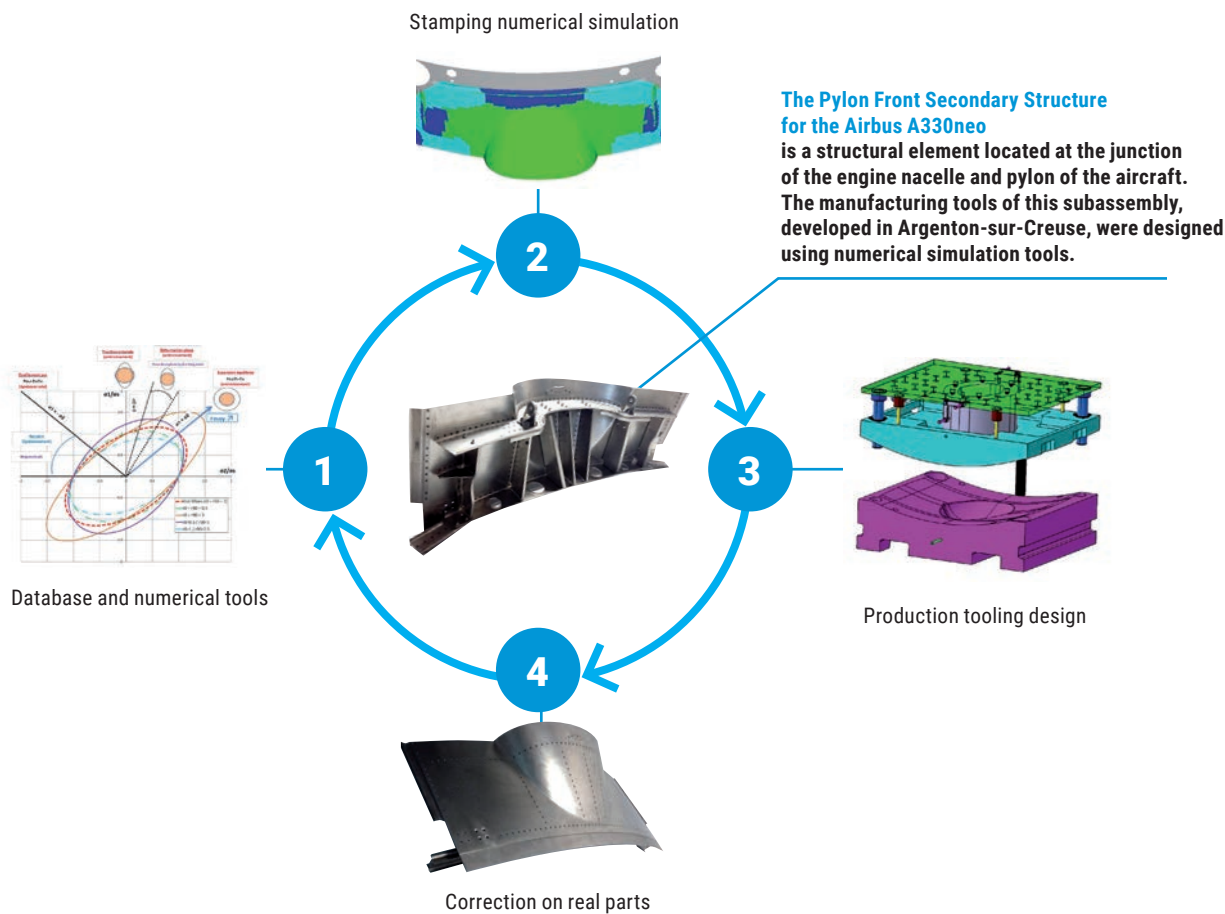
Shortening development time

_ LISI AEROSPACE takes power from numerical simulation tools to develop complex production tooling necessary for the manufacture of complex structural parts. A unique multidisciplinary approach.

At the heart of LISI's business, the accumulated expertise gained in metal deformation operations is part of the Group's DNA. These skills are enabling LISI AEROSPACE to be one of the world leaders in the design and manufacture of detail parts and subassemblies for the aerospace industry, recognized for its ability to manage components or complex structures development and optimization.

A330neo Pylon fairing

Deformation of metal by folding, deep-drawing, hydroforming or bending - associated with assembly technologies such as welding or mechanical assembly - positions the division appropriately on high technical content subassemblies, such as pylons or engine nacelles structures, located in temperature zones of aircraft. This is the case for example of the Front Secondary Structure of the new A330neo's Pylon.



Shortening production tooling development

The pre-series of this highly technical subset, located at the junction between the nacelle of the aircraft and the pylon (which connects the engine and the wing), were produced following a very tight development schedule in 2016 on LISI AEROSPACE's site at Argenton-sur-Creuse. Numerical simulation tools developed over several years within the division were implemented for the first time to develop the tooling necessary for the production of this subset consisting of complex geometry skins, stiffeners and assembly fittings made of hard materials. This new approach combining our historical expertise with digital tools allowed us to meet our schedule by avoiding long and costly iterations.

A team in project mode

A multidisciplinary team, bringing together specialists in stamping, tooling design and experts in numerical simulation, was set up in project mode to develop this new tooling design approach. By sharing expertise and using numerical simulation, the team was able to solve every technical and industrial challenge of this

assembly and meet the customer's deadline. When several test phases were previously necessary to develop such type of tooling, this pylon structure tooling was completed right the first time.

The power of digital tools and methodologies developed internally in this area contributes to the technological expertise of LISI AEROSPACE to develop such structures. This new approach makes it possible, as part of a vertical integration approach, to achieve considerable logistical and economic savings, for the benefit of the division's major customers, making a difference today on that type of market.

“The power of digital tools and methodologies developed internally in this area contributes to the technological expertise of LISI AEROSPACE”

Becoming a leader in 3D metal printing

_ Through the subsidiary developed with Poly-Shape, LISI AEROSPACE accelerates the development of its expertise in additive manufacturing. LISI AEROSPACE Additive Manufacturing is taking the lead on tomorrow's industry.

3D

SPECIFIC DESIGN FOR COMPLEX PARTS

Additive manufacturing offers a new approach for the design and manufacture of complex parts such as this air duct dehumidifier.

Part: Water separator for a Falcon 2000 ventilation circuit (right-hand side)

Material: Inox316L stainless steel

Benefit of additive technology: cost and cycle time



3D is on. By opening up to the methods of additive production, LISI AEROSPACE intends to play a leading role in this major technological evolution. In the heart of the vineyards of Graves, near Bordeaux, the experience has taken shape, with LISI AEROSPACE Additive Manufacturing (LAAM) settling its premises on 1,800 m². This subsidiary 60% owned by LISI AEROSPACE and 40% by Poly-Shape, a pioneer of additive metal manufacturing since 2007, has positioned itself to meet all the expectations of the aviation industry.

A new industrial culture

"The opportunities are many, says Jean-Louis Colders, CEO of LISI AEROSPACE. Standards must be developed and we must be involved in this movement that will drive a new industrial culture. The new lighter hollow parts with complex shapes cannot be manufactured with conventional methods. Additive manufacturing can produce them with levels of quality and strength consistent with the requirements of the aerospace industries."

Components co-design

With a team of 18 people, most of them from staff of both partners, LAAM has the skills and the means of production necessary to operate the main 3D technologies available – laser beam melting and electron beam melting of – to provide the aerospace market with components designed for additive manufacturing on an industrial scale. LAAM's offer covers technical support (help with product design, change in shape to facilitate additive manufacturing, topological optimization), process control (manufacturing simulation, materials sizing, control and characterization of powders, etc.) and processes (finishing and controls). Large machines have been completing this system since February 2017.

Combining technologies

In addition to the controls built into the manufacturing process itself, LAAM has a mechanical testing laboratory and upstream to that, a powder testing laboratory (composition, distribution, granulometry, etc.). The company is also working on the combination of additive and conventional technologies (extrusion, molding, forging, etc.). LAAM has taken steps to obtain the accreditations from its main customers (Airbus, Safran, Dassault Aviation, Thales Alenia Space and Euro Heat Pipes).



LISI AEROSPACE Additive Manufacturing

SUPPORT OFFER

- Component Co-Design in Additive Manufacturing
- Topology optimization
- Settings definition (new materials and processes)

TECHNOLOGIES

- Laser Beam Melting – LBM
- Electron Beam Melting – EBM

MATERIALS & RAW MATERIALS

- Metals: Titanium, Aluminum, Inconel, Super Alloy
- Plastics: 2210FR, 2241FR, 2200, Ultem1010, Ultem9285

The new solutions for 2016

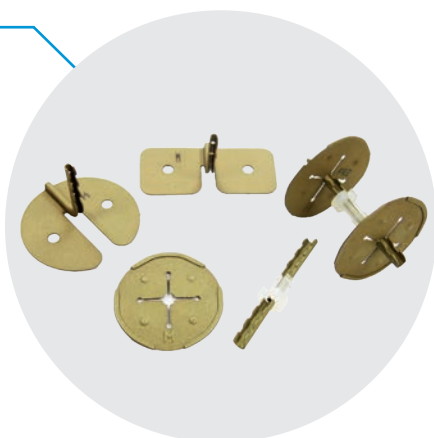
LISI AEROSPACE

Fuselage insulation blanket fasteners

LISI AEROSPACE's research teams have developed new fastener systems to maintain the insulation blankets installed on the aircraft fuselage. These fasteners insure among other functions blanket positioning during 5 minutes under extreme circumstances to allow passenger evacuation in case of fire from the outside of the aircraft. Developed on the basis of a stamping technology mastered by the City of Industry site, these new fasteners mounted on the new Chinese C919 aircraft (pending certification by COMAC), also provide significant weight savings compared to systems already on the market.

Gains / Benefits

- Resistance to fire requirements
- Weight saving



Composite polymers clipnuts

LISI AEROSPACE is a leading supplier of clipnuts. They are widely used in structure, systems and interiors of aircraft. Previously offered in their metal versions, they are now available in composite versions. The digital simulation skills of LISI AEROSPACE applied to polymers were used to develop a clipnut version made of TORLON™ nonmetallic materials that can replace a variety of existing metal clips. These HPP™ (High Performance Polymer) clipnuts retain their performance in the harshest environments (230°C/450°F). They also limit the risk of damage to the aircraft structure at the time of installation and allow standardization of references, enabling our customers to maximize volumes and reduce their inventories.

Gains / Benefits

- Weight saving
- Robust installation
- Protection of aircraft structure



LISI#OneSide: assembly automation

Presented at the Paris Air Show in 2015, the OPTIBLIND™ fastener is in its industrial optimization phase. Designed for automated assembly process called "One side" – the robot acts outside the structure only – this new fastener meets the cost reduction and increased production rates requirements expressed by aircraft manufacturers. The OPTIBLIND™ fastener guarantees the same performance as current "dual access" fasteners. LISI AEROSPACE's efforts also focus on industrial validation and optimization of assembly sequences. The division has invested in its own development cell which is based at KUKA Systems near Bordeaux. The ROBOLD project aims to measure the assembly gains from these new technologies under real industrial conditions.

Gains / Benefits

- Automated or manual installation
- Replaces "dual access" fasteners
- Integrated control system

A new technology for lightning currents conduction

The use of carbon composite materials in the structure of new generation aircraft sets new constraints for lightning strikes resistance. LISI AEROSPACE has developed since 2008 an initial technology for sleeved fasteners called STL™, which is specially adapted to highly loaded areas with restricted access. Our continued investment in the field has allowed the emergence of alternative technologies for the more accessible areas. A unique combination of coatings on our interference-mounted fastening systems PULL-IN™ / PULL-STEM™ allows us to maintain good conductivity of the assembly while improving the friction coefficient, which facilitates installation in the structure. The A350 wing junctions are now fitted with fasteners designed with "HI-KOTE™ coating stripes" technology, qualified with Airbus in 2016. Several other applications of this technology are under study with our aircraft manufacturer customers.

Gains / Benefits

- Conductivity / Evacuation of lightning currents
- Secure interference installation
- Weight and cost savings compared with sleeved fasteners



The new solutions for 2016

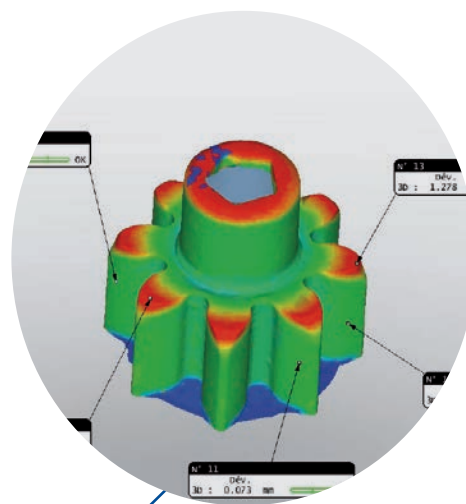
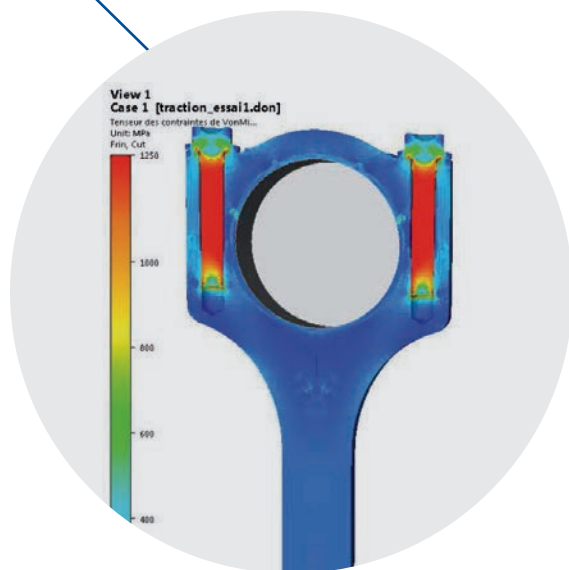
LISI AUTOMOTIVE

High strength steels

The Grandvillars (Territoire de Belfort) research center has concentrated its efforts this year on new materials, including the characterization of the behavior of high strength steels (HSS). LISI AUTOMOTIVE's R&D teams have also continued their research on surface treatment processes relating to protection against corrosion. They also conducted research on the characterization of fracture delayed by hydrogen diffusion in collaboration with the French technical centers.

Gains / Benefits

- Low carbon content
- Resistance, deformability, weldability



Weight reduction and powertrains

Weight reduction issues remain a central topic for LISI AUTOMOTIVE's R&D. The pre-engineering teams of the various business groups have worked closely with our customers to design lighter, functionally more efficient solutions, or solutions that address the growing problem of assembling such different materials as steel, aluminum or composites. The development of electric powertrains has also kept our teams busy in France and Germany. Patented solutions will soon be sold to a large German manufacturer.

3D technology for custom-made systems

LISI MEDICAL continues to explore the benefits of ALM technology (Additive Layer Manufacturing) in particular to propose prescriptive devices and implants, developed to measure for specific diseases. They can be prescribed for resumption of an existing implant (second-line surgery), in the case of a bone tumor, or to meet specific anatomical problems (bone defect, etc.). Two custom-made devices produced with ALM helped successfully treat the second-line correction of an elbow prosthesis and laying of a cup provided with tectal plates, in a patient with a serious bone defect. The development of this technology allows LISI MEDICAL to bid for increasingly complex and specific invitations to tender.

Gains / Benefits

- Specific anatomical problem
- Implant correction



Tests of PECM machining technologies

LISI MEDICAL conducted a number of tests focused on Precise Electrochemical Machining – PECM technology. This process allows to produce parts with complex geometries ensuring very precise dimensions and polished mirror-like surface conditions without the use of lubricant. The experiment will be continued into 2017 on various materials with the laboratories of the Carnot Institutes.

Gains / Benefits

- Complex geometry parts
- Accuracy
- Lubricant exemption



Excellence
in all areas

LISI SYSTEM: 3 programs/ 1 common approach

Built on the best approaches to continuous improvement, LISI System embodies the commitment of the Group's men and women on the path to operational excellence.

The key to its adaptability, it guides the actions of each individual and builds up a common DNA in all areas and in all of the company's lines of business, thereby creating:

- methods to improve the Group's industrial performances,
- safe and sustainable work conditions and environment,
- effective management processes at the heart of decision-making and operational systems.

It should enable the Group to remain agile, to maintain and strengthen its competitiveness against its competitors and to better serve its customers worldwide.

LISI System is based on three framework programs that affect all Group functions.



THE LISI E-HSE
HSE Excellence

This program covers issues related to management of risks related to health, safety and the environment. It has already significantly reduced the exposure of employees to major risks associated with their work. The program, launched in 2014, has become the common foundation for the deployment of the Group's HSE strategy worldwide.



THE COS PROGRAM
Controlling Operating System

It applies the same continuous improvement methods (in the measurement-analysis-improvement iterative mode) to all organizational and management functions. After the initial evaluation phase, each site will build its action plan that will enable it to improve the robustness and efficiency of its business processes. The program will address all levels of the organization, from plant to LISI Group, to the Business Groups and the divisions by 2018. One of the main objectives is to put management at the heart of operational and decision-making systems. It can be used to assess in a rigorous and standardized manner the gains from a LEAP project, or to ensure the reliability of product databases (BOMs, ranges, etc.) that underlie the LEAP sites.



LEAP LISI Excellence Achievement Program

LEAP's basic tools (5S, SMED, 8D, WSM) perpetuate in all of the Group's plants. The structures in place now make it possible to use these tools every day, with full autonomy in the various APUs (Autonomous Production Unit) and even within our APGs (Autonomous Production Group). Indeed, to date we have over 400 certified LEAP leaders (worksite facilitators), averaging nearly 10 worksite facilitators per plant.

This autonomy of the field teams allows our Lean experts to focus on the deployment of advanced tools such as VSM, tight flows,

6 Sigma or TPM. These tools primarily impact the "Just in time" right pillar of our LEAP house and help produce closer to customer demand by improving control of our production lead-time.

The deployment of these tools allows the plants to improve the return on investment, to produce at lower cost and to better engage customers, all this by controlling and reducing inventory. The impact on operational indicators such as VA/MS, the costs of non-quality, the level of inventory and the customer service levels, is real.



Optimizing, modernizing and growing

Financing future capabilities

_ Investment in the Group's industrial capacity, together with the pursuit of operational excellence, is one of the two drivers underlying the strategy of LISI Group. Of the €120 million invested in 2016, more than half is devoted to capacity building, productivity, automation and robotics efforts to prepare the future and to set up the means to address new markets.

120 €M

OF INDUSTRIAL CAPEX

7.6%

OF 2016 SALES

LISI AEROSPACE



EXPANSION AND OPTIMIZATION IN MARMANDE

Several significant investments were made on the Marmande site. One of these investments relates to the establishment of the lip polishing robot for the A320neo. The automation of this operation, initially handmade in 8 hours, removes a tedious manual task exposed to musculoskeletal disorders and improves its quality and productivity. The site also hosted a second Parpas machining machine to adjust the dimensions of the A320neo's lips after the forming operation. The process used is adaptive: the 1,200 measurement points taken on the part help adjust and correct the machining program of the part. This second unit completes the production rate targets defined with Airbus and helps secure the line. Regarding investments, one should also note the one that relates to the 3,000 square meter expansion of the Carpète site, which will allow the LEAP manufacture of motor drive edges (forming, machining, manual and robotic polishing, dimensional control) on new, better suited, premises.

Targets **Capacities** **Modernization** **Productivity**

NEW BUILDINGS AT SAINT-OUEN L'AUMÔNE

A new building of 5,000 m², called SOL3, was built on the site of Saint-Ouen l'Aumône. It will absorb the ramp-up of new Airbus programs, but also for the aircraft manufacturer Embraer, Dassault and Comac or XJJ. This workshop has two production lines for nuts – one Aluminum/Stainless Steel line and one Titanium line – with a total capacity of 10 million units / month. The grouping of the various means of production in an island, by product rather than by technology, reduces the lead-time for production and the response time.

Targets **Capacities** **Productivity** **Dematerialized flows**

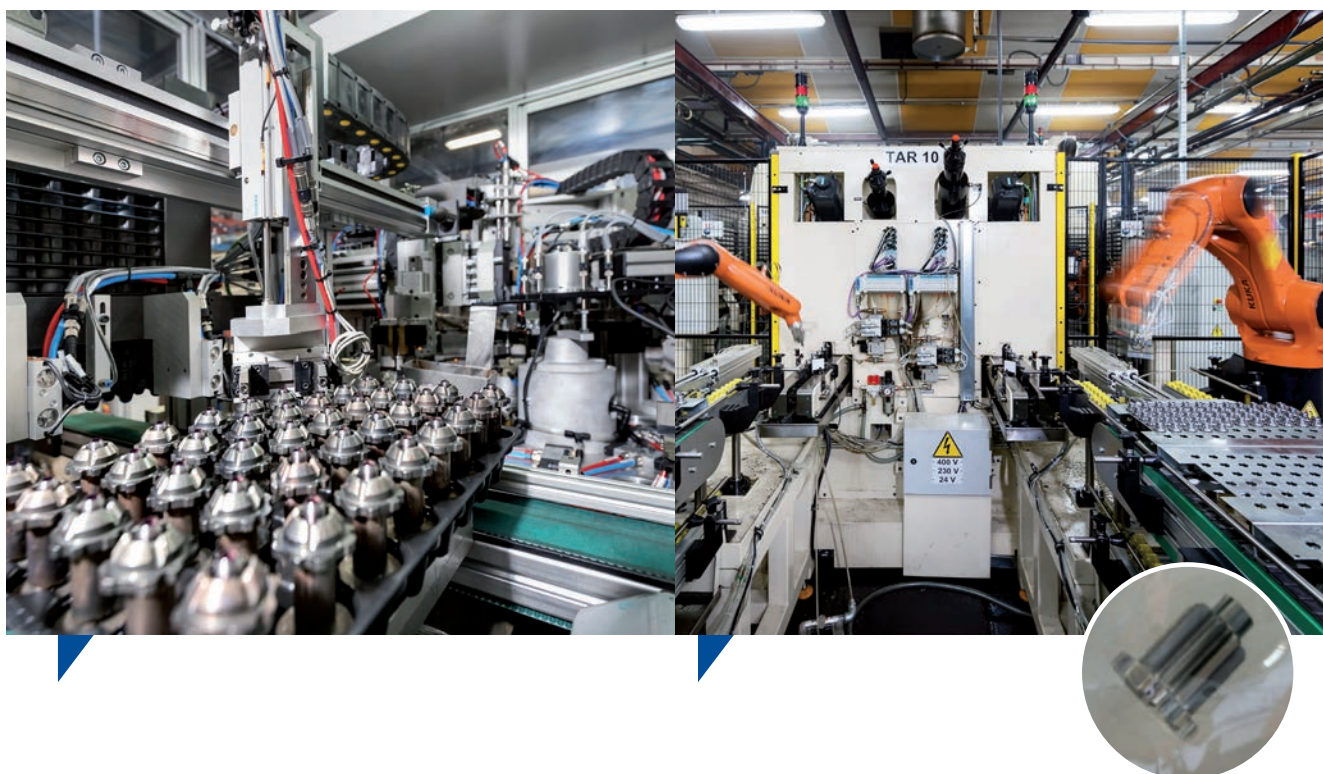


KICK-OFF OF THE FORGE 2020 PROJECT

The project to transfer the forge from Bologne (Haute-Marne) to a new site, called Forge 2020, located about ten kilometers away, was initiated in 2016. This major project represents an investment of €150 million over 7 years (nearly €50 million for the real estate alone) and will allow the creation in France of a global forge. Established on 40,000 m², it will benefit from modern, renovated facilities and from futuristic production technologies (connected machines, automated tooling changes, etc.). Energy efficient, it will be organized following streamlined production patterns.

Targets **Modernization** **Automation** **Productivity**

LISI AUTOMOTIVE



EPB LINE AT SHANGHAI AND MELISEY

The legacy product range of the Melisey (Haute-Saône) site, electric parking brakes (EPB) components are now produced also in part at our Shanghai site for the local market. Some of the EPB components assembled in Shanghai are produced at Melisey. Both sites have benefited from significant investments in 2016. The production for this market is expected to quickly reach 2 million parts per year.

Targets Capacities Automation Productivity

PINIONS CONTROL SYSTEM

Specialized in the production of seat mechanisms, the Melisey (Haute-Saône) site produces pinions for adjusting the seat height. This new generation of parts is obtained directly from stamping, while previous versions were composed of two parts assembled or readjusted by machining. A new control line (€350k) for checking the dimensional geography of the 3D laser scan cam was installed in 2016. It also measures the quality of heat treatment of parts using eddy current.

Targets Modernization Productivity

LISI MEDICAL



AUTOMATED LINES FOR LISI MEDICAL Remmele

The specialist of disposable medical devices for minimally invasive surgery (see page 40), LISI MEDICAL Remmele invests in 5th automated production line at its Big Lake plant, near Minneapolis (Minnesota). Led by one single operator, these lines can handle the machining, processing, cleaning, and the unit verifications of several hundred thousand parts (scissors, forceps, clamps, etc.). The same site was equipped in 2016 with an 11th transfer machine. This flexible equipment (8 stations) produces over 200,000 parts per year.

Targets: **Capacities**

Meeting market requirement

Accompanying the ramp-up of new aerospace programs; anticipating market demand and managing supply to more selective segments in the automotive industry; becoming a global player in the medical field... In perpetual motion, the markets in which LISI operates involve anticipation and constant adaptation. These issues are motivating and engaging challenges for the Group. Its history, its expertise and its size allow it today to provide lasting answers.

LISI AEROSPACE

P. 30

Contributing to the development of the aircraft of the future

LISI AUTOMOTIVE

P. 34

Engaging a more selective development strategy

LISI MEDICAL

P. 40

Participating in the consolidation of the sector



Participating in the development of the aircraft of the future

With organic growth reaching almost 6% in 2016, LISI AEROSPACE takes advantage of the dynamism of the major global aerospace markets. Regarding structural components, the division continues the ramp-up of major strategic programs launched by its customers.

The major aeronautics markets held firm in 2016. The level of growth recorded this year by airlines (+6.3%) exceeds the average annual increase for the decade (+5.5%). The number of passengers transported – 3.7 billion people – also rose to an all-time high. According to the International Air Transport Association (IATA), the threshold of 4 billion passengers will be reached in 2017. While Europe and North America have growth rates less than half those of other regions, all regions of the globe have seen demand increase.

Increased rates for the A350

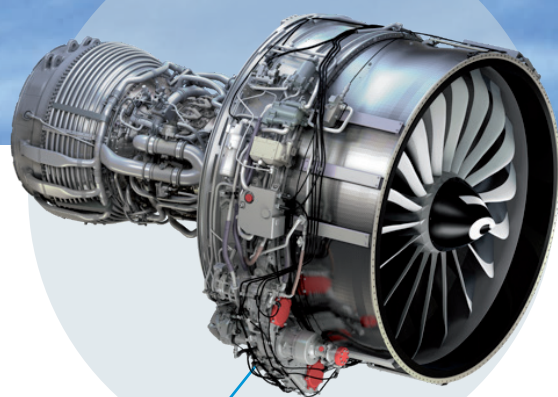
In this context, the visibility on the commercial aircraft segment remains very good. Despite Airbus' slight delay in the number of aircraft delivered compared to Boeing (688 for the former, 748 for the latter), the European group has the lead in terms of net orders (731 *versus* 668), with an overall order book of 13,000 aircraft. Demand, which is focused on single-aisle and large twin-engine aircraft, causes increases in rates on these planes, at the

expense of very large aircraft. These will continue in 2017 for LISI AEROSPACE on single-aisle and on the A350, the initial staffing phase of which started in 2016.

In contrast, the situation remains very depressed on other market segments such as helicopters, regional aircraft, business aircraft and the military. The slowdown in oil exploration, the budget pressure by States, the dynamism of second-hand markets and the competition with Airbus's and Boeing's single-aisle offer, account for a situation that should not incur any major changes in 2017.

+7%

LISI AEROSPACE'S STRUCTURAL COMPONENTS ACTIVITY HAS BEEN DRIVEN BY THE RAMP-UP OF THE NEW PROGRAMS



The LEAP engine, for which LISI AEROSPACE has industrialized, and now manufactures series of several complex structure components (leading edges, compressor blades, OGV, air intake lips, etc.), is developed by CFM International (Safran-General Electric). In its production and fast ramp-up phase, it is designed to equip new generation single-aisle aircraft.

Ramp-up of the LEAP engine

LISI AEROSPACE has been engaged for several years in the development of new generation engines. The LEAP program, conducted by CFM International (Safran-GE), should help to gradually replace the CFM56 (the best-selling engine in the world). On its part, Pratt & Whitney is working on the GTF (Geared Turbofan) version of the PW1000G engine. Essential to the success of Boeing's B737-Max and Airbus's A320neo (*New Engine Option*) single-aisle aircraft, these new engines are the subject of specific attention, both in terms of industrialization and performance. The difficulties encountered by Pratt & Whitney on the GTF program, however, have led Airbus and CFM to maintaining the rates for the CFM56 at a high level and to delivering CEO (Current Engine Option) instead of NEO versions. In contrast, the ramp-up phase initiated in 2016 on the LEAP engine should continue this year: the rates and quantities delivered should double by the second half of 2017.

QUESTIONS TO JEAN-LOUIS COLDERS CEO, LISI AEROSPACE



“We are now recognized as a leading innovative player, a key partner for OEMs”

What is the current position of LISI AEROSPACE?

_ Ten years after changing the status of LISI AEROSPACE from subcontractor to that of full-fledged designer, we are now recognized as a major player, a key partner for original equipment manufacturers (OEMs). Innovation is now part of our DNA: 10% of the division's sales revenue is achieved with new products. Our efforts, which contribute to the emergence of the technological bricks of tomorrow, are part of the aviation industry's venture. The methodology we deploy strengthens and professionalizes our development capability by associating the quality and cost control requirements and the timeframes that characterize our production. Two very successful projects - ATL (Alternative Technologies for Lightning) fasteners, on the one hand, which offer a response to the problems of lightning in airplanes with a metal-composite structure and, on the other hand, the automation of the laying of blind structural fasteners (OPTIBLIND™) using LISI#OneSide - illustrate this new approach.

What role do the Best Cost Countries play?

_ LISI AEROSPACE generates about 10% of its production in 5 countries that meet this definition: India, Mexico, Morocco, Poland, and Turkey. The factories that we possess there are gradually converging towards the standards of quality and efficiency that the Group has set for itself. We are progressing nevertheless everywhere in terms of automation and robotics, so the overall economic attractiveness of a market area is less clear in the long run when you integrate inflation, logistics costs and geopolitical risks. Co-location strategies that promote economic integration through production and are, therefore, more sustainable, guide most of our choices.

What are the prospects for 2017?

_ We intend to maintain a high level of activity in the fasteners segment. This market, which remains driven by commercial aircraft, has experienced cyclical adjustments in 2016 that were directly related to the supply chain. In North America, destocking movements

at Boeing have led to a significant drop in volumes while in Europe, securing the A350 has created a powerful momentum on Airbus orders. We expect a rebalancing in 2017. Our actions will focus on two areas: productivity, with the deployment of the LEAP* internal standard and robotic-automation programs, and penetration by new products.

In the structural components segment, whose business is closely linked to manufacturers' production rates, the stakes have not changed: ramp-up of new programs, improved operational performance, productivity and transformation of the French site of Bologne, in Haute-Marne, where the Forge 2020 project (see page 25) is entering its operational phase.

* LISI Excellence Achievement Program.



SALE OF THE FLOOR COVERING SEGMENT

The Floor Covering interior layouts segment of the Indraero subsidiary was sold in May 2016 to the DAHER Group. Inherited from the acquisition of the Creuzet group, the floor covering activity for commercial aviation needed to be backed by a specialist in the layout industry to be able to pursue its growth.



SALE OF THE PRÉCIMÉTAL CASTING PLANT

The lost wax casting business of the Belgian company Précimétal, acquired along with the Manoir Aerospace Group, was sold to the Ciclad fund. The sale of this aircraft dominant steel foundry became effective in February 2017.



ANKIT FASTENERS: MAJORITY INTEREST

LISI AEROSPACE acquired a majority stake in its Indian partner Ankit Fasteners. The joint venture which has been uniting the two companies for 10 years has reached a sufficient level of industrial maturity to become open to international markets. LISI AEROSPACE will accompany the transformations necessary to achieve this new stage.

A more selective development strategy

In 2016 the automotive market recorded a 4.6% increase worldwide and 6.5% in Europe. The growth of LISI AUTOMOTIVE, more selective in developed markets, reflects the repositioning of the division on product lines with higher added value.

+9%

SHARE OF THE DIVISION'S ORGANIC GROWTH RELATED TO MECHANICAL SAFETY COMPONENTS WITH HIGH ADDED VALUE



After the slowdown in 2015, the global automotive market is reviving with dynamism. All major markets have posted growth of 4.6%, driven by large pools of consumption. China, first of all, whose poor performance slowed global development in 2015, retrieved its leading role with growth in excess of 10%. Europe, secondly, keeps its rank with automobile consumption up 6.5%.

Europe led by Italy and Spain

Although the euro zone has not quite returned to the level that it had before the 2008 crisis, its development capacity remains healthy. The prime market of LISI AUTOMOTIVE, Europe was driven in 2016 by the Italian and Spanish markets, which were particularly dynamic. With growth levels in excess of 10%, they rank ahead of France, Germany and Great Britain, whose growth has remained below that of the market.

+15,8% **+10,9%**
PROGRESSION IN ITALY PROGRESSION IN SPAIN

Mexican dynamism

In its consolidation phase, America, the other major global automotive market, displayed meanwhile a moderate level of growth (0.5%) compared to 2016. The evolution of emerging countries remains contrasted with a decline that continues in Russia and Brazil, but strong momentum in Mexico, where LISI AUTOMOTIVE managed the ramp-up of the Monterrey site with the launch of sixty references of clipped solutions for four parts suppliers.



LISI AUTOMOTIVE conducts significant efforts to increase its international presence, particularly in China and in the NAFTA region, with the deployment of the Mexican plastic injection plant in Monterrey (clipped solutions), whose ramp-up went smoothly in 2016.

Growth of the Group's customers

Among the major European customers of LISI AUTOMOTIVE, Daimler, Renault-Dacia and BMW remained the most dynamic in 2016, with growth levels that exceed the 10% threshold. However, the results are more mixed for Volkswagen and PSA, which show lower increases than the market compared to 2015. The division, which benefited early on from this revival movement, has seen its business grow throughout the year, with a marked acceleration of sales in the second half (3.8% versus 1.1% in the first half-year).

Acceleration in China

LISI AUTOMOTIVE's teams were able to support the strong growth in European demand from Daimler and Renault-Nissan, its first customer, with the launch of new wiring products for the 1540 platform (Space, Talisman, Scénic, Mégane). Internationally, the division was also able to meet the accelerated demand of OEMs ZF TRW and Valeo, as well as that of major Chinese OEMs by opening the new electric parking brake components production line of the Shanghai plant.

QUESTIONS TO FRANÇOIS LIOTARD CEO, LISI AUTOMOTIVE



“The operating margin of LISI AUTOMOTIVE grows for the fourth consecutive year”

How did the division behave in 2016?

_ LISI AUTOMOTIVE's sales revenue, up 2.3% to €465.3 million, recorded a growth phase for the third successive year. While the level of growth in 2016 remains lower than the volume of the European market, this trend illustrates the division's will to develop a more selective offering, geared more towards high value-added products. We are beginning to measure the results of that phenomenon.

The operating margin increased for the fourth consecutive year. The industrial restructuring in Europe is fully completed and operational performance is progressing across all business groups. The supply chain was mastered throughout the year, which resulted in a particularly fine balance between production capacity and operating costs. The Dasle site, in Doubs, had its first full year of operation in its new configuration. The plant at Saint-Florent-sur-Cher, in progress on many operational indicators, remains below the division's standards. Also in France,

Puisseux for clipped solutions and Melisey, for mechanical safety components, benefited from the rise of new products, which went very smoothly within the two business groups.

What will be the momentum for 2017?

_ Nearly €48 million in sales are already secured by the entry of existing parts on new platforms, or by the referencing of new multi-material, multi-technology products, which now characterize LISI AUTOMOTIVE's offer. New orders were placed with major European, American or Korean OEMs, especially for safety mechanical components and clipped solutions. Business was also very active with the German manufacturers, especially in threaded fasteners. These developments should enable the division to increase its revenue and its customer base.

What strategy do you intend to implement?

_ The year 2017 is expected to consolidate the results achieved. We will need to manage expected increases on the commodities market, whose levels should be significant. To achieve this, we will have to continue the efforts of the past four years in terms of operational excellence, to further improve our efficiency. The LEAP Improvement Program (LISI Excellence Achievement Program) and the high level of our industrial capital expenditures will enable us to achieve this. Just like the strengthening of our international presence, particularly in China with the planned relocation of the Beijing plant early in the year. The division's repositioning on products with higher added value, initiated in 2016, will finally be a major focus to improve performance and profitability.

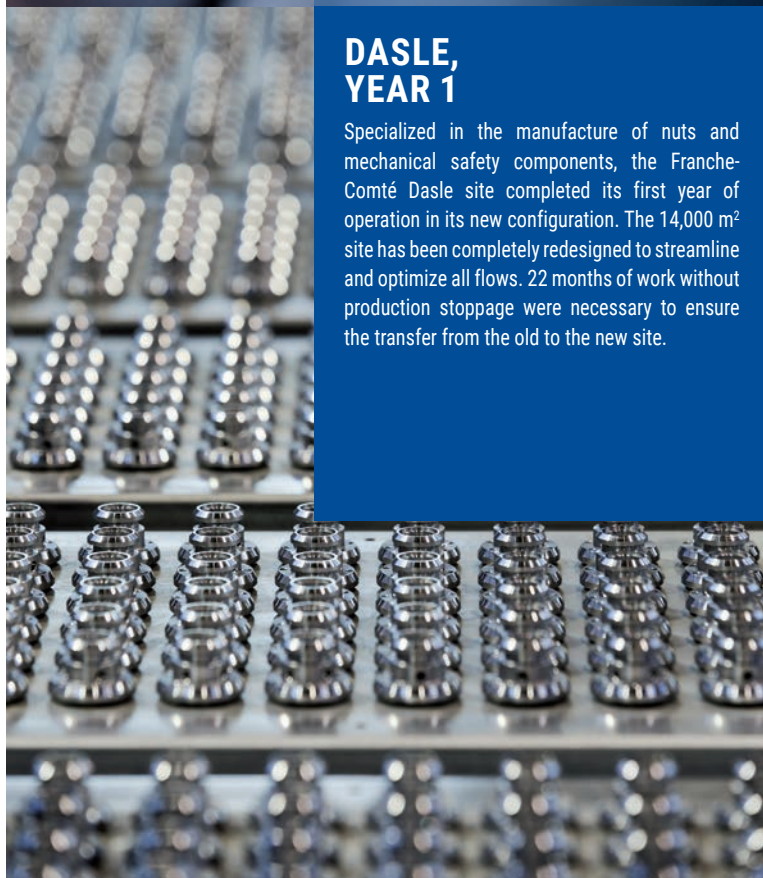


**32
€M**



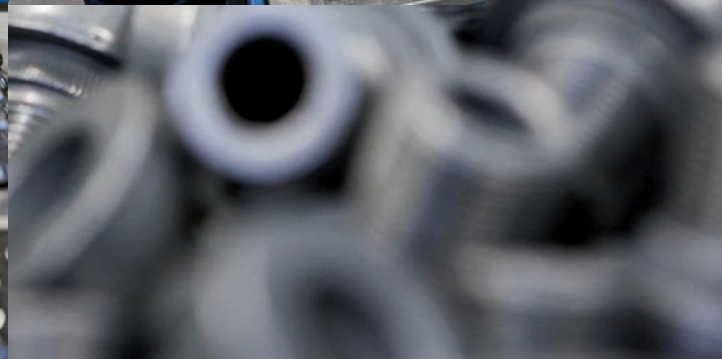
A SUSTAINED LEVEL OF CAPEX

The LISI AUTOMOTIVE's division good mastery of working capital requirements (WCR) made it possible to finance an investment level of €31.9 million to support a number of operational development projects (see also page 26) and implement of new equipment, such as a new generation cold forging press, digital multi-spindle machining centers, the automation of line loading-unloading operations, or a new generation of laser control systems and 3D camera.



DASLE, YEAR 1

Specialized in the manufacture of nuts and mechanical safety components, the Franche-Comté Dasle site completed its first year of operation in its new configuration. The 14,000 m² site has been completely redesigned to streamline and optimize all flows. 22 months of work without production stoppage were necessary to ensure the transfer from the old to the new site.



Taking part in sector consolidation

The concentration continued in 2016 for bone surgery and more generally medical equipment. The buyout of REMMELE Medical Operations enables LISI MEDICAL to reach critical mass and acquire strong positions on growing market segments.

Still dynamic, the markets for bone surgery – supported by continued progress in operating techniques – experienced relatively high levels of growth this year. LISI MEDICAL's core activity – orthopaedic medical equipment – joint reconstruction, end of spine – does not escape the rule with a rise of around 4% over 12 months for all joints combined. Progress in reconstructive surgery, the appearance of new implant solutions and the extension of lifetime represent active and durable growth factors.

World calls for tenders

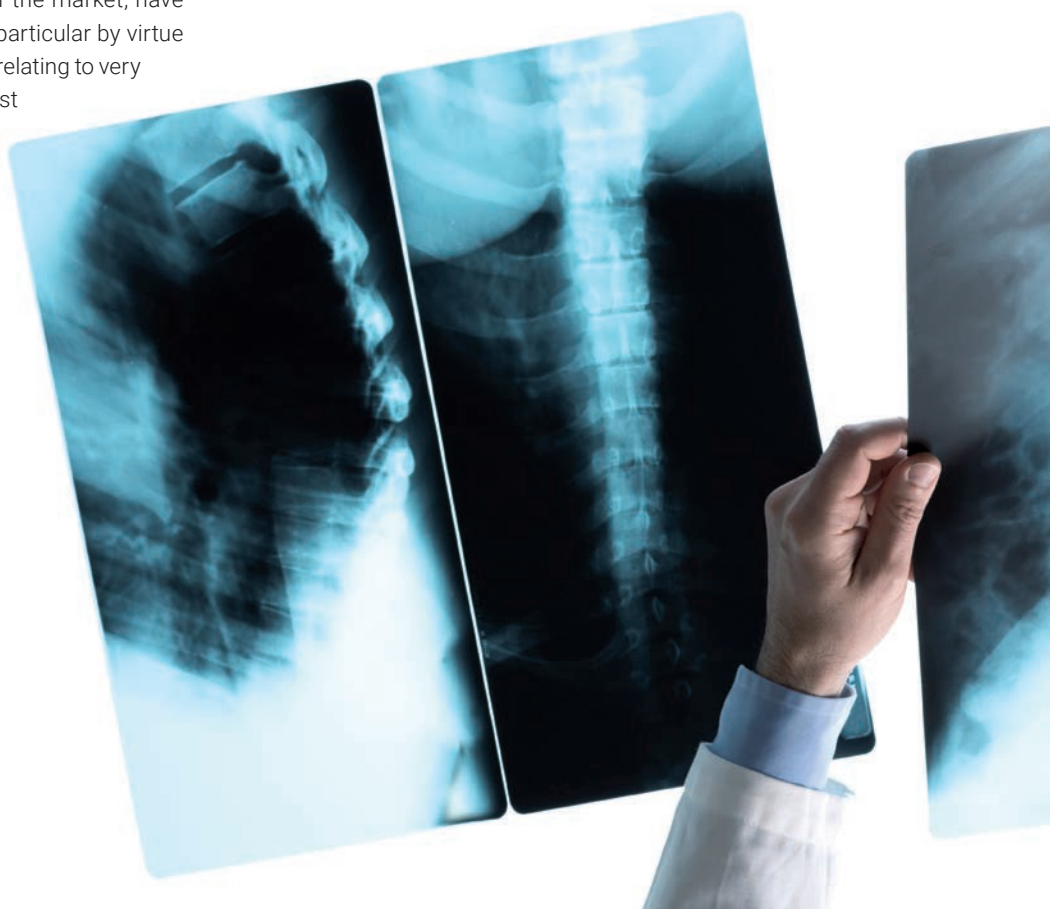
At work for several years, the trend for concentration that affects the sector continued in 2016. Transactions – sometimes large – have concerned the major players on the market. These mergers, which have accompanied the rapid growth of the market, have had repercussions at subcontracting level. In particular by virtue of the generalization of global calls for tenders relating to very large series – and for which LISI MEDICAL must be able to tender and gain visibility in the (much broader) area of medical equipment.

Profiting from growing markets

This latter field of activities, covering highly diverse fields such as cardiovascular surgery, neurosurgery, visceral surgery, thoracic surgery and urology is undergoing strong expansion today. The acquisition of REMMELE Medical Operations in the US (read page 40) is just part of this LISI MEDICAL expansion strategy. This buyout, which makes it possible for the division to double its sales revenue and gain visibility, also provides an opportunity to enter the market of minimally invasive surgery (MIS). This specialty – increasingly present in operating theaters – covers a number of different surgical fields and represents a tremendous lever for growth on the new medical markets that are growing strongly.

+ 4%

PROGRESS ON THE MARKET
FOR ORTHOPAEDIC MEDICAL
EQUIPMENT IN 2016



QUESTIONS TO OLIVIER LE BARS CEO, LISI MEDICAL



“The current **movement of concentration** could still be able to offer opportunities for LISI MEDICAL”

What is the position of LISI MEDICAL at the end of 2016?

— The year 2016 was of course marked by the acquisition of LISI MEDICAL Remmele, which made it possible to double the size of the division. This operation allows us to acquire strong positions on the market of medical equipment and minimally invasive surgery that we were otherwise unable to achieve as quickly. It is reinforcing our positions substantially and is getting us back closer to the great equipment makers in orthopaedic health,

in search of partners who are able to offer large product and service catalogues with high added value.

How will it be possible to organize the new consolidation scope?

— The buyout of REMMELE Medical Operations has allowed us to project the plants of the former scope in France and the US based on new market segments. The production techniques are similar and we now benefit from a solid point of entry for major clients in bone surgery. We will now pursue the development of generic products, initiated in 2015, with packaged and sterilized

prostheses, ready to be used in an operating theater. The organization of sites, for its part, will not change much. The support, purchasing and industry functions have been bolstered to activate synergies between the various sites of the division.

What is the outlook for 2017?

— The concentration movement is set to continue in the medical equipment sector in the broad sense, which includes a large number of extremely dynamic growing companies, some of them small startup companies. This context might be able to offer some wonderful opportunities for LISI MEDICAL, which needs to bolster its positions. With regard to LISI MEDICAL Remmele, the integration and convergence of standards is set to continue in 2017 with the launch of the LEAP and E-HSE operating excellence programs for the hygiene and safety segment. An extension of 4,500 m² is now planned at Big Lake, one of LISI MEDICAL Remmele's two plants, so as to meet its growth needs.



Buyout of Remmele Medical

_ A decisive strategic operation, the purchasing of one of the medical asset of the US Company Alcoa, is substantially expanding the LISI MEDICAL product portfolio and is propelling the division into the Top 5 of global operators.

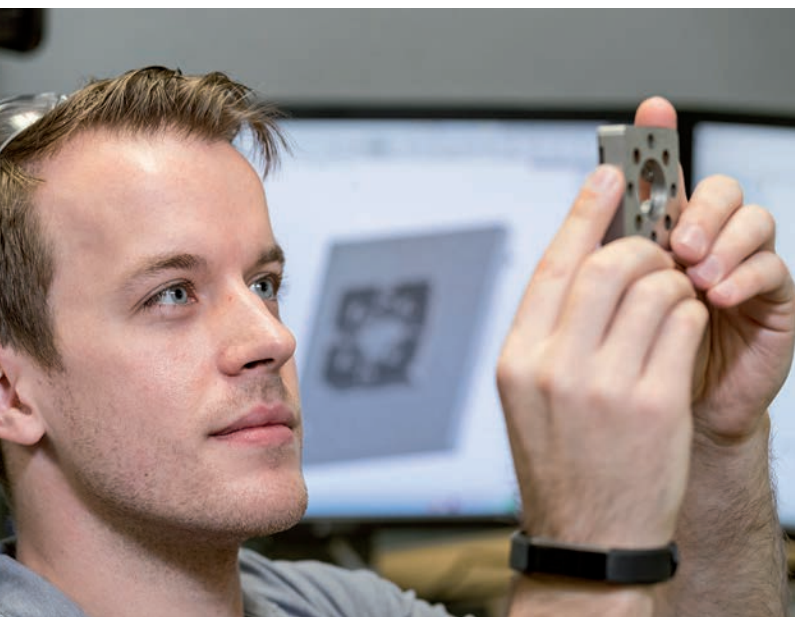
The acquisition in the second half of 2016 of the US Company REMMELE Medical Operations represents a major strategic operation for LISI MEDICAL. Established in 1949 in Minnesota, REMMELE Medical Operations is a leading manufacturer in the field of components and instruments (clamps, sensors, etc.) dedicated to minimally invasive surgery (MIS). The company holds large positions in spine surgery, which add to and bolster those already acquired by LISI MEDICAL and on other health markets with strong growth potential.

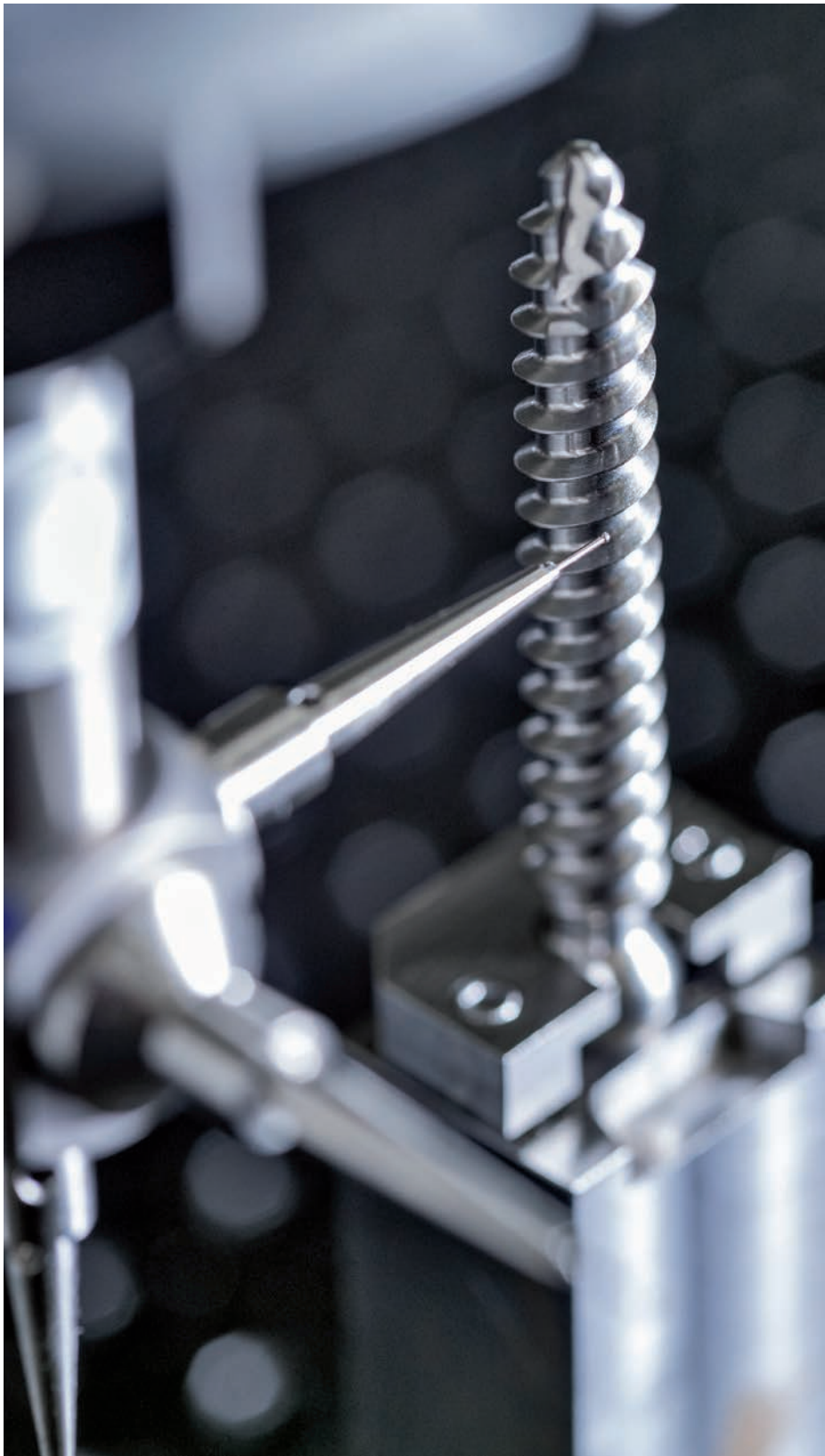
An expanded offer

The buyout – which allows LISI MEDICAL to double its size – is placing the division in the main bunch of players in the prosthesis and medical instruments sector and in the Top 5 of global contracts manufacturers. The operation is accelerating the entry of LISI MEDICAL on several markets with high added value on which it was not present such as single-use minimally invasive surgical instrumentation, with instruments for urology, vascular surgery systems and components for perfusion and medication dispensing systems. Moreover, it strengthens and diversifies the portfolio of products in the division for environments in which was already present, such as spine implants and bone trauma, as well as dental implants and instruments.

Sales revenue that is evenly balanced between the USA and Europe

This acquisition finally offers LISI MEDICAL the possibility to expand its portfolio of clients and to gain in visibility with large players (OEMs) operating on the medical equipment markets. The division is strongly increasing its presence in the US, the leading world market, while splitting its volume of activity evenly between Europe and the USA. The expansion of the division's profile beyond the few markets of orthopaedics will for that matter allow it to take part in the major global calls for tenders. The potential synergies between the various sites should allow LISI MEDICAL to support the large contractors with their global programs. The division will thus be able to serve a client base at world level and deploy a unique concept of manufacturing excellence for life technologies.





LISI MEDICAL Remmele

Industrial sites:

- Big Lake (5,700 m²)
Minimally invasive instrumentation,
spine markets
- Coon Rapids (3,500 m²)
spine markets, urology, perfusion
and vascular systems

350 number of employees

70 US\$m sales revenue for 2015

Sales revenue breakdown by market

- 55%** Minimally invasive surgery
(clamps, scalpels, sensors, etc.)
- 26%** Spline and trauma implants
(plates, screws, cages, etc.)
- 10%** Perfusion systems/drips
(pump components, etc.)
- 4%** Urology instruments
- 3%** Vascular systems
- 2%** Implants and dental systems

Meeting challenges together

To assert the same culture and the same expertise, to serve all of our customers with the same level of quality throughout the world, it is essential to share a common culture. A culture of expansion and risk control. This is the approach that LISI Group tries to implement with all its employees. A desire to meet challenges together.

**HUMAN
RESOURCES**

P.44

Supporting
recruitment
dynamics

**LEAP
ORGANIZATION**

P.46

Improving
industrial
processes

E-HSE

P.48

Mobilization
based on risk
mastery

**HEALTH & SAFETY /
ENVIRONMENT**

P.50

Encouraging
results



Supporting recruitment dynamics

_ The year 2016 was marked by substantial growth in the Group's head count. With this rise, the training and integration efforts deployed by LISI were all the more substantial. Both to consolidate internal skills as to adapt existing know-how to technological progress.

The dynamism of the markets on which LISI operates and the increase in the Group's consolidation scope in 2016 resulted in a strong increase in staff. The recruitment plan led at LISI AEROSPACE (938 recruitments carried out in 2016) and the acquisition of REMMELE Medical Operations in the US by LISI MEDICAL (340 employees) resulted in a sharp rise in staff of over 6%. This expansion backs up the efforts put forth for many years to facilitate the integration of new entries and to allow each individual to develop his or her own skills.

Integration path

The training programs offered to LISI employees make it possible to consolidate internal know-how and to develop everyone's skills and increase mobility within the Group. These training courses have been managed and organized by LKI corporate university (Lisi Knowledge Institute). With 953 trainees hosted in 2016 (+33%), LKI constitutes a pillar for the skills development strategy upheld by the Group. At LISI AEROSPACE, it also supervises the Armstrong integration paths offered to each new employee from recruitment onwards. Supervised by his or her

sponsor, the new employee is informed about the safety rules and familiarizes him or herself with the Group's history, culture, values, business lines and customers. Short internal training courses are also offered to those employees who would like to refresh their knowledge of the continuous improvement methods practiced within the Group (5S, 8D, SMED, Six Sigma, etc.) or to study more in depth certain personal development topics such as stress management and efficient communication.

Management training

The LKI University also offers training and support paths dedicated to the improvement of management practices. Dispensed within an international environment, these demanding training courses are an indispensable ingredient to fuel Group's growth. They come in modules, in which the participants are called upon – in small groups – to elaborate projects to upgrade the industrial, logistics, quality and financial processes. These projects are then the subject of reports presented to the university's management board.

Encouraging mobility

One of the targets pursued by LISI in the management of its human resources consists in allowing each employee to progress within the Group as a function of his or her capacities. This is the reason why LISI encourages internal mobility. That is why in 2016, over 1,300 positions were open to recruitment. Present in France and around the world with its 44 sites, the Group offers its employees varied opportunities for career evolution in each of its business lines.

Thomas Coville: a partner around the world

After five attempts, the Rennes-born sailor Thomas Coville has succeeded to beat the around the world solo sailing record in 49 days 3 hours 7 minutes and 38 seconds. Sailor's technical partner for 12 years already, LISI AEROSPACE's teams are proud to be associated with this challenge. The company provided a large portion of the fittings for the SODEBO ULTIM trimaran. Discrete, essential to the safety of the skipper and the integrity of the boat, effective, efficient and lightweight, these parts reflect of the production of LISI AEROSPACE for aeronautical markets.





11,587
employees in the Group

Number
of employees 2016

Difference N/N-1

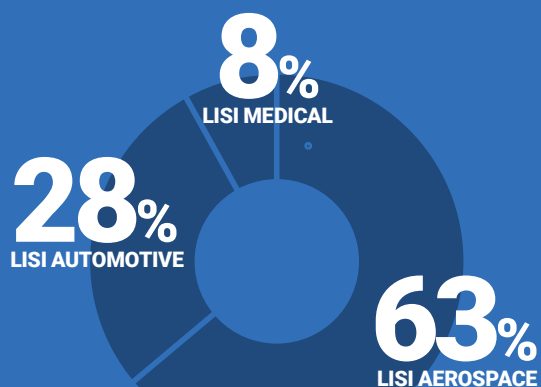
LISI AEROSPACE	7,386	+299
LISI AUTOMOTIVE	3,265	+24
LISI MEDICAL	915	+342
HOLDING COMPANY	21	-1
GROUP TOTAL	11,587	+664



6.1 €M
spent on training in 2016



+6%
increase in staff in 2016



Breakdown of staff by division



258,000 hours
of training provided

Performance at the heart of the sites

_ At the heart of the LEAP, LISI Excellence Achievement Program, performance improvement system, the PSM method allows to support and guide the management of the performance on the field, closer to production.

As early as 2011, the LISI Group equipped itself with an operational performance improvement program that is particularly ambitious. The program, called LEAP (LISI Excellence Achievement Program), encourages each employee to strive for operational excellence in all areas and in all of the company's business lines. At the heart of the system, PSM – Problem Solving Methodology – is part of the tools and methods for continuous improvement that have been implemented in the Group's sites to achieve this goal. It can handle field problems in everyday life, at the very place where they are identified.

PSM1, closest to the field

The identification diagram of problems and corrective decision making is based on 3 levels (see diagram page 47). Organized as an autonomous production unit (production line or island for example), the PSM1 is the operational level closest to the field. It is the cornerstone of the entire system. It provides a response where the problem occurs, thus preventing it from spreading to the entire production chain. It involves and engages all employees in solving difficulties, in compliance with standards and set operational objectives. But it is also the most complex level to manage.

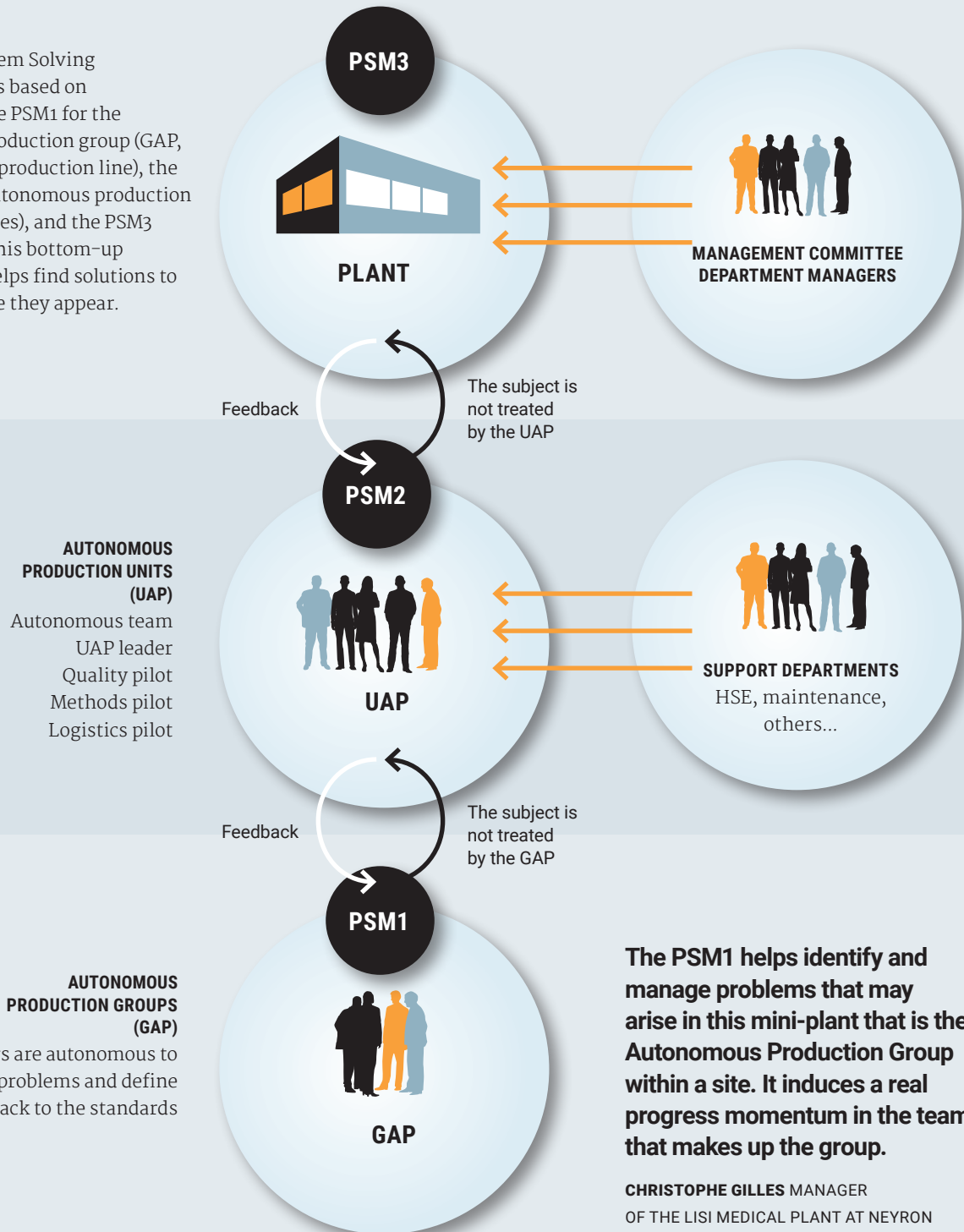
Visual management

To ensure efficiency, the organization of PSM1 was redefined in 2016. Visual management has been improved. Simple operational indicators dedicated to the team that is the autonomous production group (GAP) are now monitored, interpreted and commented daily by the operators themselves. During the daily Top 5 hosted by the GAP leader, everyone can then know his or her daily performance, discuss the problems, ponder on deviations from the standard. The team can then look for solutions that will address them. The PSM1 remains to this day the most unifying performance improvement tool from which stems a more comprehensive approach.



PSM performance closest to the field

The PSM (Problem Solving Methodology) is based on three levels: the PSM1 for the autonomous production group (GAP, equivalent to a production line), the PSM2 for the autonomous production unit (a set of lines), and the PSM3 for the plant. This bottom-up organization helps find solutions to problems where they appear.



Mobilization based on risk mastery

— The LISI Group has always been focused on issues of hygiene, health and safety. Now it has decided to make these issues an axis for general mobilization. In order to achieve operational excellence in that respect, too.

Success in terms of management of HSE (Hygiene-Health-Environment) risks involves a total and permanent commitment shared by all. The LISI Group has been mobilized for several years around these central topics. Now it has decided to transform them into top-level indicators of operational efficiency, as well as the objectives set by the company in terms of industrial or financial performance. The LISI Excellence HSE (E-HSE) program, which has been deployed since 2015, can be harnessed by the Group's

units to achieve excellence in terms of the prevention of risks linked to health, safety and the environment.

Golden rules and common objectives

This year, all LISI sites benefited from a comprehensive presentation of the Excellence HSE program. This simultaneous launch made it possible to set ambitious targets in several areas, putting down joint foundations for a federating and highly structured project and finally validating the route map with the Business Units and the Business Groups.

Facilitation and support tools distributed throughout the plants will help them achieve HSE Excellence. For example, Golden Rules have been defined around 4 issues linked to **traffic in the plants, firefighting, environment and the wearing of individual protective equipment (EPI).**

Developing a joint culture

Another tool, SCP (Safety Culture Program) will allow managers to have complete tools to explain and convince all employees of the validity of these rules. The target was to develop a joint culture of safety and mastery of risk around 5 topics: **management and leadership** (motivation, exemplarity, compliance with rules and values, etc.); **vigilance** (attention, concentration, etc.); **errors** (observation, correction, etc.); **perception** (colors, movements, changes, etc.); **communication** (observation, listening, learning, etc.). Audiovisual tool kits are coming to support the process and promote their dissemination within the company.

Deployment of the LISI Excellence HSE program will continue in 2017 across all sites. The targets will be set as a function of each one's individual level of maturity. The *Standard* level for the requirements set by the ISO 14001 and OHSAS 18001 standards; the *Bronze*, *Silver* and *Gold* levels for the most advanced sites. All sites will have to have reached Bronze level by the end of 2020.



E-HSE: the 2016 roadmap

Beyond the actual kick-off, the year 2016 made it possible to assess operations and sites in order to define methods of analysis and joint action plans for all sites on the following topics.



“Providing each plant with the facilitation and support tools that will help it achieve HSE Excellence”

Encouraging results

The implementation of the LISI HSE Excellence program is one of the keys to improving the Group's performance in terms of the mastery of risks directly related to the health and safety of LISI employees. The tools deployed under this program make it possible, first of all, to define shared risk management methods (*LISI Risk Management*), to adopt identical prudential rules (*Golden Rules*) and to accelerate the deployment of a joint risk control culture (*Safety Culture Program*). Designed to accelerate the emergence of an ambitious collective approach, the LISI HSE Excellence program can lay solid foundations and improve daily practices.

Accidents at work: a stabilized frequency rate

Measured at the end of 2016, the frequency rate of accidents with or without lost time that involved a LISI or temporary (TF1) employee stabilizes around 14.3. The overall trend in the past years remains positive. The LISI Group displays a TF1 (accident frequency rate with and without lost time) improved by 30% compared to 2010 (56% compared to 2007). These results are evidence of the effectiveness of the continuous work done in terms of controlling health and safety risks. Nevertheless, LISI has even higher ambitions, and is not yet satisfied with these results. All human, organizational and technical resources are mobilized to make further improvements. While the frequency rate of accidents with and without lost time stabilizes at 14.3, more than half of the Group's sites display levels below 10. Seven of them experienced no accident with or without lost time in 2016.



Improved control of consumption

14 €M

for new work spaces

Attentive to the quality of life at work (QVT), LISI has harnessed the relocations and expansion programs of sites to work hands-on on improving the work conditions of its staff. Nearly 14 €M were invested in 2016 to fit out and modernize offices and workstations. Workshops for awareness-raising, prevention of back-ache problems and workout exercises have been suggested to ensure that each employee takes the proper posture when working, particularly those who work in forging.



Today the indicators put in place by LISI in 2008 give an accurate idea of the environmental impact of LISI's activities and the results achieved to better control them. Today these factors – placed at the heart of the Group's culture – represent major benchmark factors that fuel its values. At the end of 2016, all Group sites were certified in accordance with international standard ISO 14001 (environment management system), with the exception of Manoir Aerospace, acquired in 2014. The Group's ISO 14001 and OHSAS 18001 certification is scheduled for 2017 (integrated multisite HSE system management).

Fall in energy consumption

Actions to control consumption and raise awareness among production teams – whose role is always decisive – have made it possible to substantially reduce the Group's energy dependence. In just one year, LISI has managed to reduce its consumption by 5.3% (excluding fuel for lift trucks), i.e. savings of 0.592 MW/h

CARBON FOOTPRINT
Quantities consumed
for €1,000 of added value

WATER

1.22 m³

ENERGY

0.592 MW/h

WASTE

57.3 kg (95.7 % sorted)

per €1,000 of added value. The *Énergie* manual, which lists the practices to be implemented, was handed out to the sites as part of the deployment of the LISI HSE Excellence program.

LSI AEROSPACE

is a leading player in the aviation industry, recognized as indispensable by major global OEMs. Engaged in major development programs initiated by its customers, the division recorded strong growth in 2016.

987.2 €M 2016 SALES REVENUE

+ 5.9%

2016 ORGANIC GROWTH

122.9 €M

CURRENT OPERATING INCOME

64%

OF GROUP SALES

7,386

EMPLOYEES

20
SITES AROUND
THE WORLD

10
SITES IN FRANCE

FRANCE

- Argenton-sur-Creuse
- Bar-sur-Aube
- Bologne
- Colomiers
- Marmande
- Parthenay
- Saint-Brieuc
- Saint-Ouen l'Aumône
- Vignoux-sur-Barangeon
- Villefranche-de-Rouergue

OUT OF FRANCE

- Bengaluru (India)*
- Casablanca (Morocco)
- Chihuahua (Mexico)*
- City of Industry (United States)
- Dorval (Canada)
- Izmir (Turkey)
- Rugby (England)
- Sedziszow (Poland)
- Tangiers (Morocco)
- Torrance (United States)

* Secondary sites.





OTHER MAIN PRODUCTS



STAND-OFF
FASTENERS



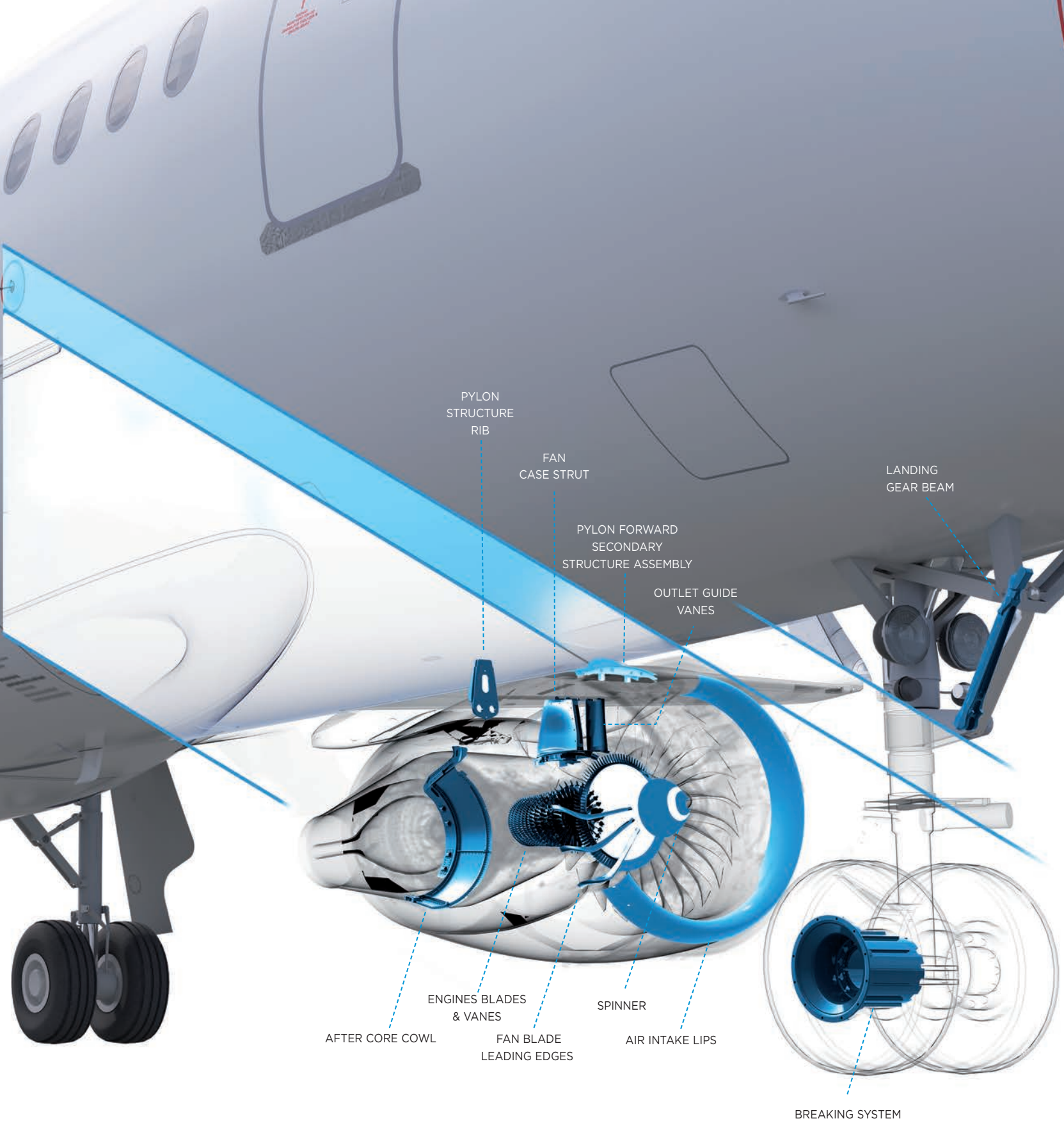
HI-LITE™ FASTENERS,
LOCKBOLT



FASTENERS
PULL-IN™ /PULL-STEM™



FASTENERS
STL™



PYLON
STRUCTURE
RIB

FAN
CASE STRUT

LANDING
GEAR BEAM

PYLON FORWARD
SECONDARY
STRUCTURE ASSEMBLY

OUTLET GUIDE
VANES

ENGINES BLADES
& VANES

SPINNER

AFTER CORE COWL

FAN BLADE
LEADING EDGES

AIR INTAKE LIPS

BREAKING SYSTEM



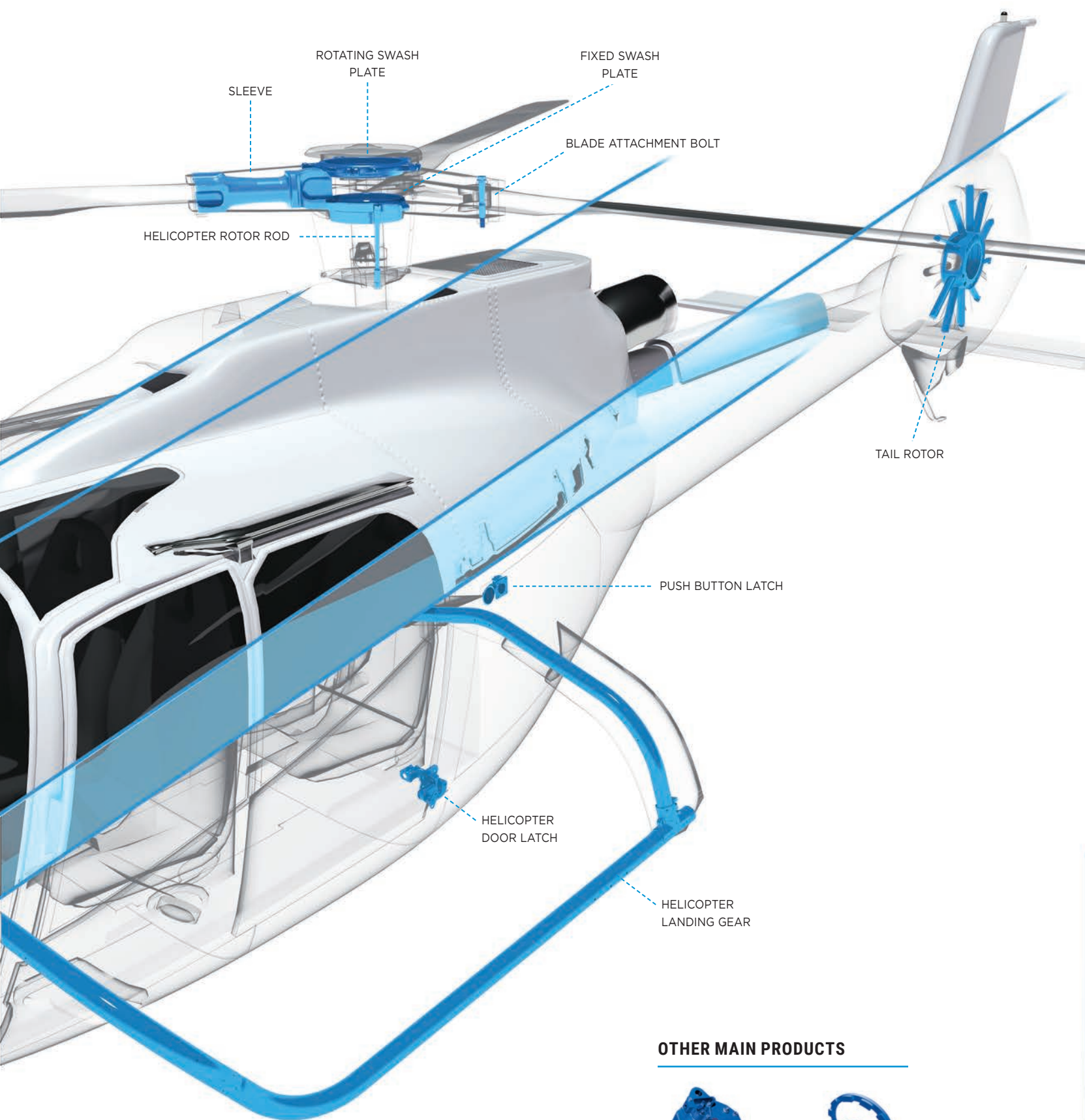
PRESSURE
LATCHES



ENGINE GEARBOX
SPROCKET



DOOR STOPS



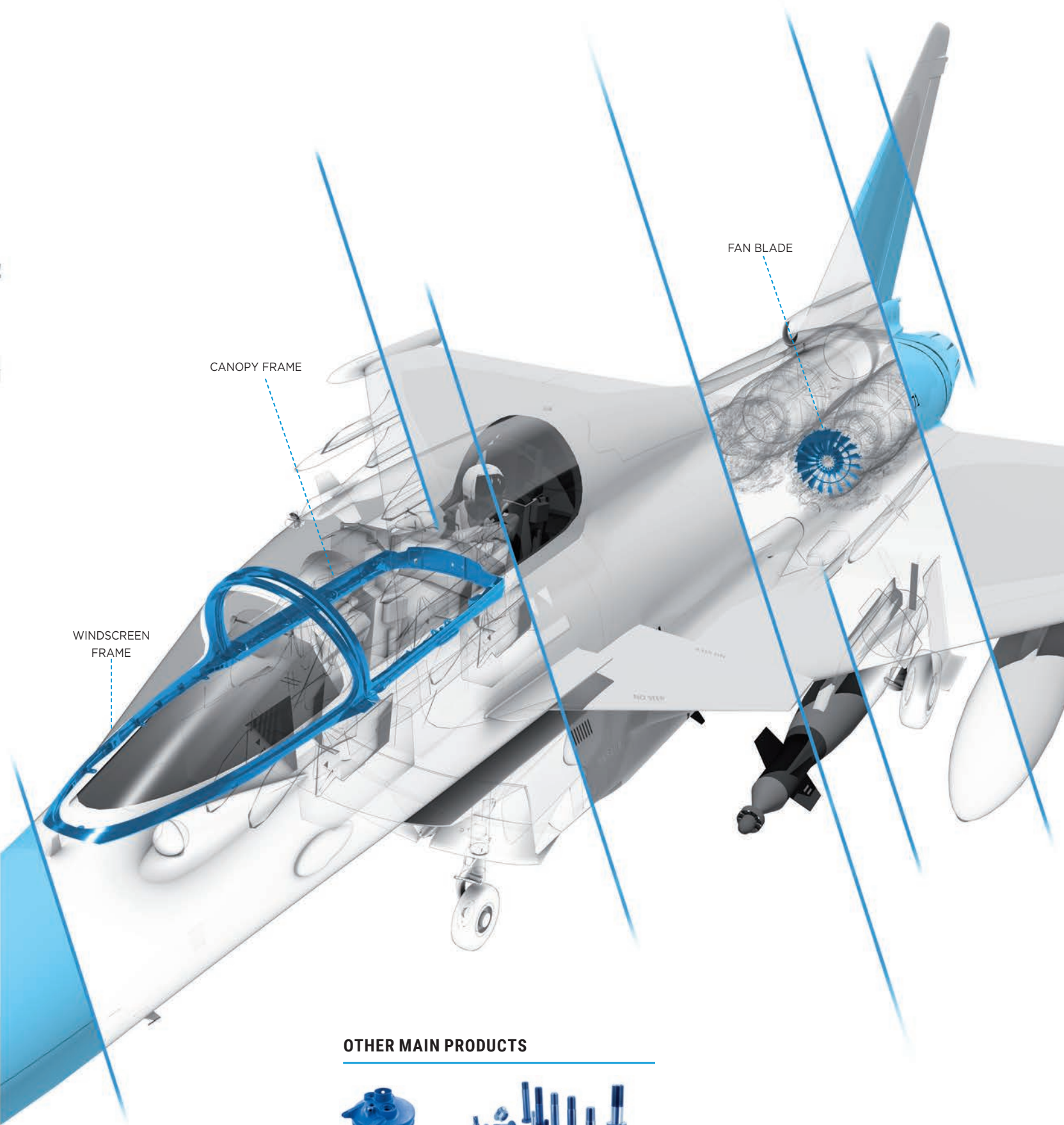
OTHER MAIN PRODUCTS



CARGO HOOK



SHAFT NUTS



OTHER MAIN PRODUCTS



OIL TANK



THREADED FASTENERS

LISI AUTOMOTIVE

designs and produces fasteners and mechanical components solutions with high value-added security for major makes in the automotive industry. Established on three continents, in 2016 the division benefited from the dynamism of the major international markets.

465.3 €M

2016 SALES REVENUE

+ 2.5%
2016 ORGANIC GROWTH

26.3 €M
CURRENT OPERATING INCOME

31%
OF GROUP SALES

3,265
EMPLOYEES

19
SITES AROUND
THE WORLD

9
SITES IN FRANCE

FRANCE

- Dasle
- Delle
- Dreux
- La Ferté-Fresnel
- Melisey
- Puisieux
- Saint-Florent-sur-Cher

Support activities:

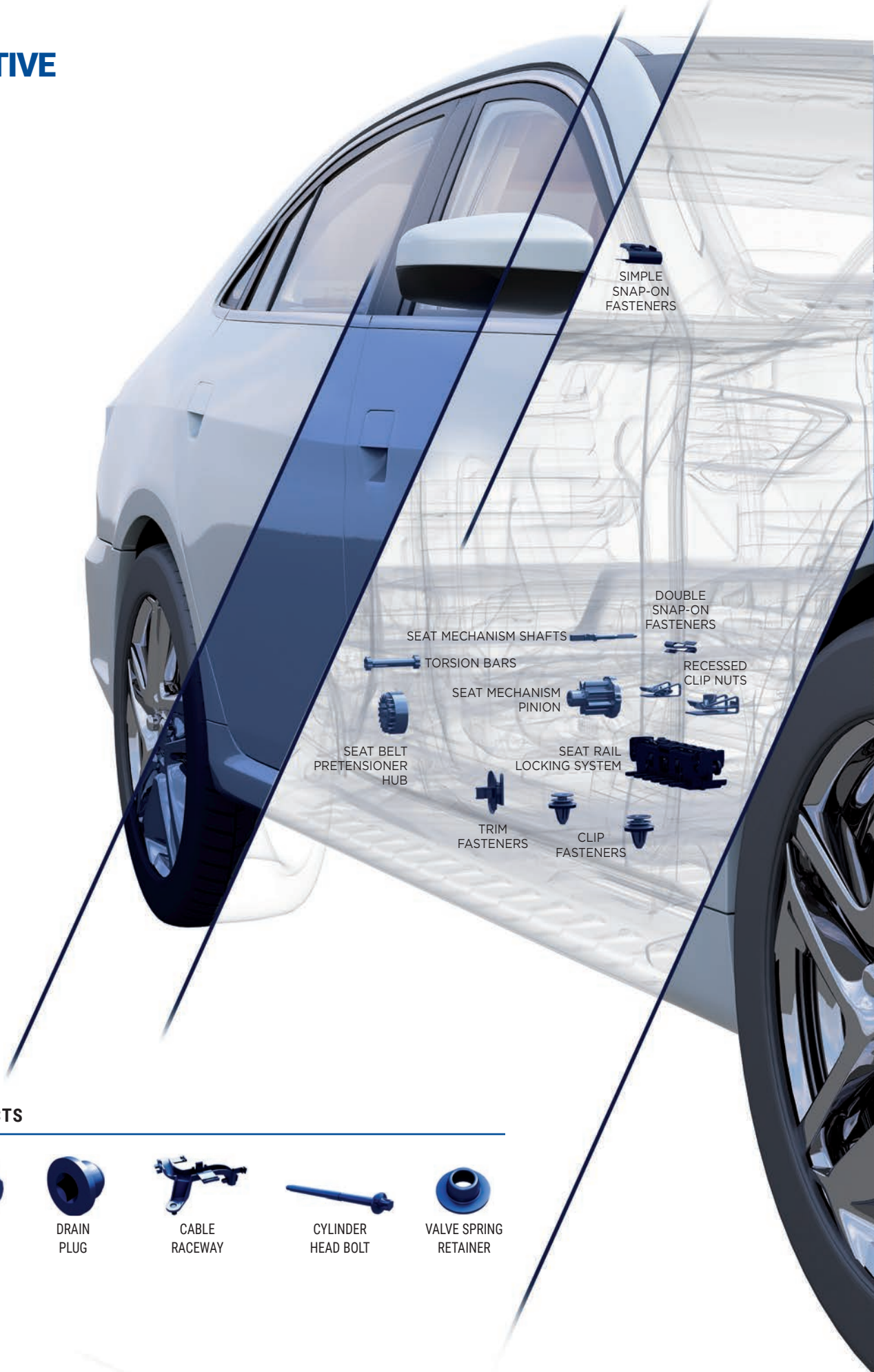
- Grandvillars
- Lure

OUT OF FRANCE

- Cjec (Czech Republic)
- Fuenlabrada (Spain)
- Gummersbach (Germany)
- Heidelberg (Germany)
- Kierspe (Germany)
- Mellrichstadt (Germany)
- Monterrey (Mexico)
- Beijing (China)
- Shanghai (China)
- Vöhrenbach (Germany)







OTHER MAIN PRODUCTS



TWOLOK®
NUTS



CONROD
SCREW



DRAIN
PLUG



CABLE
RACEWAY



CYLINDER
HEAD BOLT



VALVE SPRING
RETAINER



ELECTRIC
PARKING BRAKE
SCREW AND
NUT SYSTEM

STEERING LONG
BALL JOINT

BRAKE TUBE
FITTING

LISI MEDICAL

produces medical devices (implants and instruments) for bone surgery and minimally invasive surgery. Present on high-growth markets, LISI MEDICAL is now one of the top five global players in the contracts manufacturers segment.

119.1 €M 2016 SALES REVENUE

+0.4%

2016 ORGANIC GROWTH

8%

OF GROUP SALES

9.3 €M

CURRENT OPERATING INCOME

915

EMPLOYEES

5

SITES AROUND THE WORLD

FRANCE

- Caen
- Neyron

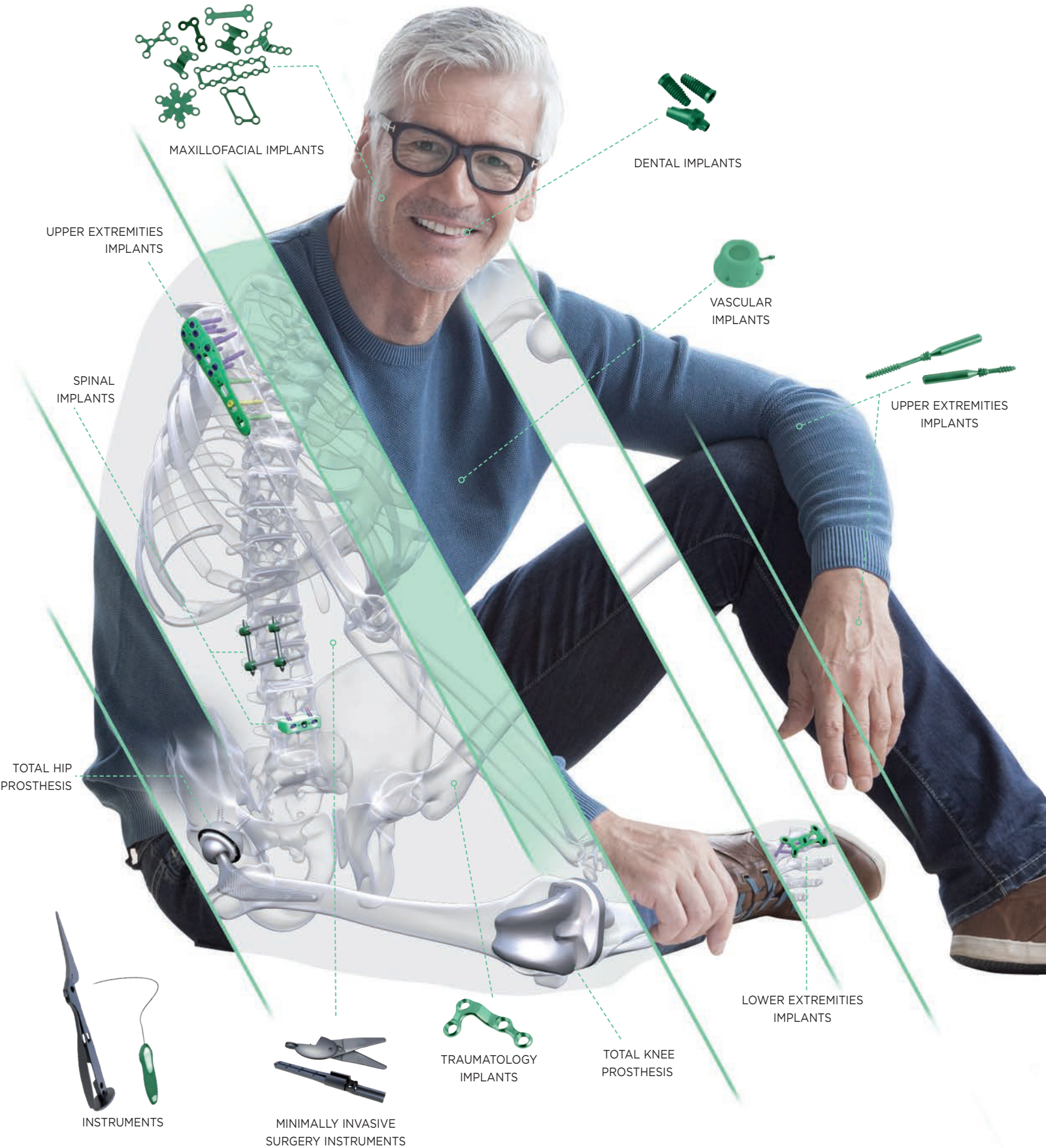
OUT OF FRANCE

- Big Lake (United States)
- Coon Rapids (United States)
- Escondido (United States)

2

SITES IN FRANCE





MAXILLOFACIAL IMPLANTS



DENTAL IMPLANTS

UPPER EXTREMITIES IMPLANTS



VASCULAR IMPLANTS

SPINAL IMPLANTS



UPPER EXTREMITIES IMPLANTS

TOTAL HIP PROSTHESIS



INSTRUMENTS



MINIMALLY INVASIVE SURGERY INSTRUMENTS



TRAUMATOLOGY IMPLANTS

TOTAL KNEE PROSTHESIS

LOWER EXTREMITIES IMPLANTS

Stock market and financial data

P. 66

Stock market data

P. 68

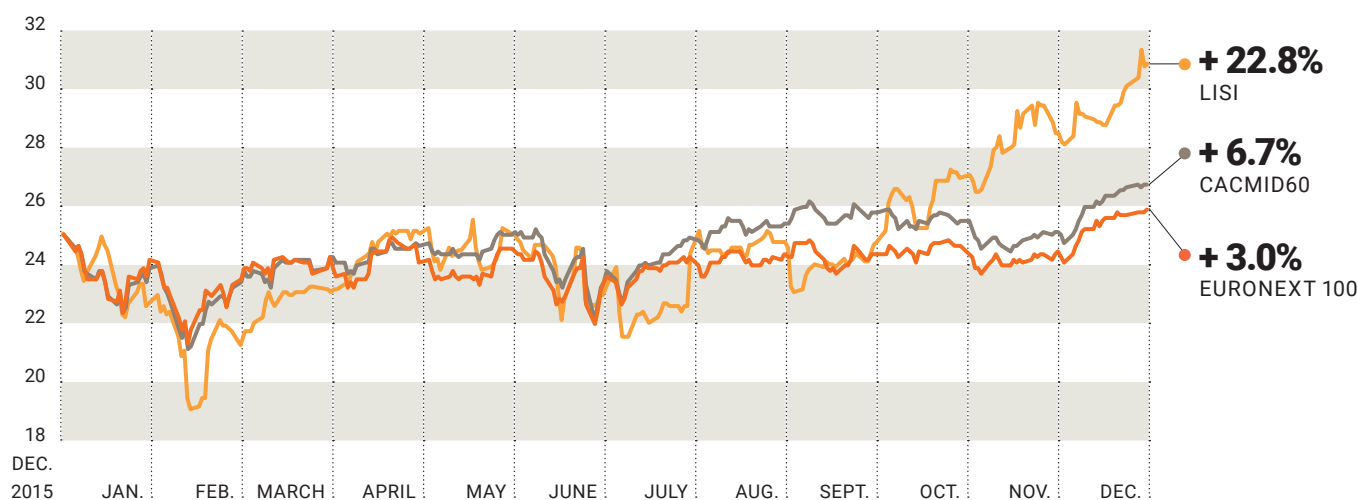
Financial data

P. 72

Functional organization chart

+22.8% | **€ 30.65**
per share

Another year of strong growth for the LISI's share over 2016



The LISI share has been continuing to rise for 3 consecutive financial years with an acceleration since July 2016, benefiting fully from good performance results across its 3 markets: aerospace, automobile and medical. This growth compares favorably with the main indices such as CACMID 60 (+ 6.7%) and Euronext 100 (+ 3.0%). The end of year price is close to the annual highs for the year (€31.20) and some distance from the record low of €19 reached on February 12, 2016. In terms of volume, 3,389,092 shares were traded, a fall compared to 2015, but figures

have been rising sharply since September 2016. The average volume traded over the last quarter is nearly 28,000 shares a day, i.e. 18% of the floating volumes traded (23% in 2015).

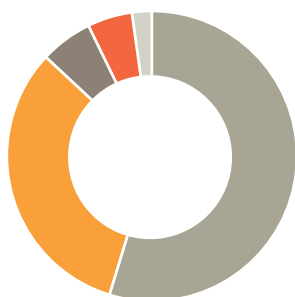
Coverage of the stock

The title is followed by 9 Stock Exchanges which regularly publish research notes accompanied by opinions and targets corresponding to the assessment of the analyst in charge. This cover makes it possible to obtain full and diverse information for professional or private investors. The LISI Group takes part in a large number of conferences, roadshows and investor

meetings in the cities of London, Lyon, New York and Paris. All in all, the LISI management met with nearly 200 investors during the 2016 financial year.

The communication policy is based on full and transparent communication, with a presentation of half-yearly and yearly results as soon as published and on the appreciation of forecasts by the analysts agency based on its macroeconomic assumptions, without the LISI Group being held to making any numbered commitments (guidance).

Breakdown of capital



- 54.9% CID*
- 2.1% Own shares**
- 5.1% FFP Invest
- 5.7% VMC
- 32.2% Free float

(including employee savings plans for 1.3%)

* Including direct and indirect holdings:
VMC: 20.94%, FFP Invest: 18.94%, CIKO: 16.64%

** Reserved for performance share plans

Stock Identification Sheet

ISIN Code: FR 0000050353

Reuters code: GFII.PA

Bloomberg code: FII.FP

Compartment: A Eurolist

Stock marketplace: Euronext Paris

Number of shares: 54,023,875

Market capitalization as

at December 31, 2016: €1,655 m

Indices: CAC® AERO&DEF., CAC®-All Shares,
CAC® Industrials

2017 events

The General Meeting will be held on April 25, 2017 on the premises of the company located at: Immeuble Central Seine – 46 - 50 Quai de la Rapée 75012 PARIS.

The dividend payment shall be carried out on May 9, 2017.

Publication of sales revenue for Q2 of 2017 and that of the half-yearly accounts will be online on the LISI website (www.lisi-group.com) on July 26, 2017.

The financial information for Q3 of 2017 will be provided on the Group website on October 25, 2017 after close of market.

Securities accessible to individual shareholders

The Group continued to develop communication to individual shareholders in 2016 with in particular the organization of a meeting of shareholders in Lyon (in partnership with F2IC, CLIFF, Euronext and Lyon Pôle Bourse) and its participation in the Actionaria tradeshow in Paris.

An animated film for individual shareholders has been made to retrace its evolution and facilitate comprehension of its business lines and strategy. Presented for the first time at the Actionaria tradeshow in November 2016, today it appears on the Group website's homepage: www.lisi-group.com.

The Group's target for 2017 is to continue to develop communication with the individual shareholders, with participation in the Actionaria tradeshow and the organization of two shareholder meetings in Lyon and Strasbourg.

List of brokers

	Agnès BLAZY
	Laurent GELEBART
	Geoffroy PERREIRA
	Christophe MENARD
ID MIDCAPS	Denis SCHERRER
	Jean-François GRANJON
	Chloé LEMARIÉ
	Antoine BOIVIN-CHAMPEAUX
	Christophe QUARANTE

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For any information or documentation

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• Email: emmanuel.viellard@lisi-group.com

Relations with shareholders, investors, financial analysts and the financial and economic press

• Emmanuel VIELLARD
CEO

• Raphaël VIVET
Group Financial Controller

INCOME STATEMENT

(in €'000)	12/31/2016	12/31/2015
Pre-tax sales	1,571,104	1,458,052
Changes in stock, finished products and production in progress	(1,519)	20,405
Total production	1,569,585	1,478,457
Other revenues ^(a)	23,777	13,083
Total operating revenues	1,593,362	1,491,540
Consumed goods	(414,436)	(398,213)
Other purchases and external expenses	(325,957)	(308,415)
Added value	852,969	784,912
Taxes and duties ^(b)	(11,353)	(11,590)
Personnel expenses (including temporary workers) ^(c)	(604,484)	(569,236)
EBITDA	237,132	204,086
Depreciation	(80,872)	(73,787)
Net provisions	1,200	16,194
EBIT	157,460	146,493
Non-recurring operating expenses	(12,950)	(11,148)
Non-recurring operating revenues	2,974	5,308
Operating profit	147,483	140,652
Financing expenses and revenue on cash	(4,420)	(6,163)
Revenue on cash	1,146	983
Financing expenses	(5,566)	(7,146)
Other interest revenue and expenses	17,770	(9,819)
Other financial items	55,409	35,466
Other interest expenses	(37,639)	(45,285)
Taxes including CVAE (tax on companies' added value) ^(b)	(54,443)	(42,741)
Share of net income of companies accounted for by the equity method	0	(71)
Profit (loss) for the period	106,390	81,859
Attributable as company shareholders' equity	107,008	81,764
Interest not granting control over the company	(619)	95
Earnings per share (in €)	2.02	1.55
Diluted earnings per share (in €)	2.02	1.55

STATEMENT OF OVERALL EARNINGS

(in €'000)	12/31/2016	12/31/2015
Profit (loss) for the period	106,390	81,859
Other items of overall income applied to shareholders equity		
Actuarial gains and losses out of employee benefits (gross element)	(4,359)	6,192
Actuarial gains and losses out of employee benefits (tax impact)	840	(2,118)
Restatements of treasury shares (gross element)	145	156
Restatements of treasury shares (tax impact)	(50)	(56)
Payment in shares (gross element)	2,447	2,951
Payment in shares (tax impact)	(843)	(1,065)
Other items of overall income that will cause a reclassification of income		
Exchange rate differences resulting from foreign business	(2,874)	19,351
Hedging instruments (gross element)	(12,615)	(2,219)
Hedging instruments (tax impact)	3,587	(12)
Other portions of global earnings, after taxes	(13,723)	23,179
Total overall income for the period	92,667	105,038

a/ In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2016 financial statements the Company has continued classifying revenues related to CIR (Research tax credit) as "Other Revenues".

b/ As at December 31, 2016, in accordance with the CNC (French 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 -€7.7 million.

c/ At December 31, 2016 provision was made for the CICE in an amount of +€9.7 million.

STATEMENT OF FINANCIAL POSITION

Assets

(in €'000)	12/31/2016	12/31/2015
NON-CURRENT ASSETS		
Goodwill	300,426	260,334
Other intangible assets	23,822	14,923
Tangible assets	570,877	481,354
Non-current financial assets	9,481	10,585
Deferred tax assets	19,075	19,838
Other Non-current assets	950	924
Total Non-current assets	924,631	787,958
CURRENT ASSETS		
Inventories	338,986	336,127
Taxes - Claim on the state	6,772	23,819
Trade and other receivables	260,416	215,291
Cash and cash equivalents	141,719	125,812
Total short-term assets	747,894	701,050
TOTAL ASSETS	1,672,525	1,489,008

Total equity and liabilities

(in €'000)	12/31/2016	12/31/2015
SHAREHOLDERS' EQUITY		
Share capital	21,610	21,610
Additional paid-in capital	72,584	72,584
Treasury shares	(14,610)	(14,740)
Consolidated reserves	659,375	603,092
Conversion reserves	27,742	30,598
Other income and expenses recorded directly as shareholders' equity	(13,452)	(2,653)
Profit (loss) for the period	107,008	81,764
Total shareholders' equity – Group's share	860,258	792,256
Minority interests	4,964	1,189
Total shareholders' equity	865,222	793,446
NON-CURRENT LIABILITIES		
Non-current provisions	70,474	73,274
Non-current borrowings	253,856	230,145
Other Non-current liabilities	12,392	12,591
Deferred tax liabilities	33,376	31,527
Total Non-current liabilities	370,098	347,537
SHORT-TERM LIABILITIES		
Short-term provisions	23,174	15,350
Current borrowings ⁽¹⁾	106,037	52,285
Trade and other accounts payable	304,492	278,181
Taxes due	3,503	2,211
Total short-term liabilities	437,206	348,026
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,672,525	1,489,008
⁽¹⁾ Of which current bank facilities	15,984	9,243

STATEMENT OF CASH FLOWS

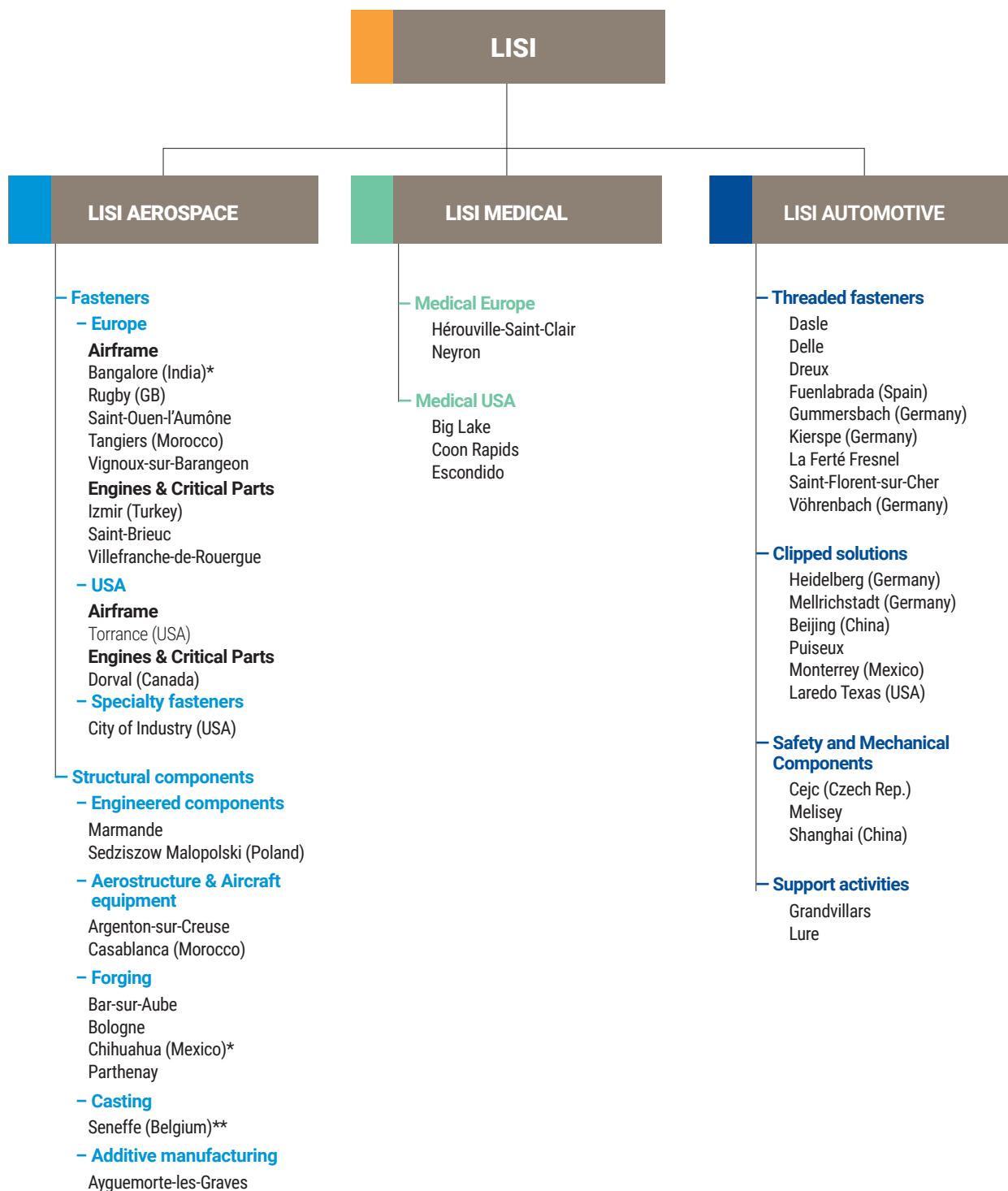
(in €'000)	12/31/2016	12/31/2015
Operating activities		
Net earnings	106,390	81,859
Elimination of the income of companies accounted for by the equity method		71
Elimination of net expenses not affecting cash flows:		
– Depreciation and non-recurrent financial provisions	81,232	71,284
– Changes in deferred taxes	6,059	10,554
– Income on disposals, provisions for liabilities and others	911	(7,140)
Gross cash flow margin	194,592	156,628
Net changes in provisions provided by or used for current operations	1,213	(2,476)
Operating cash flow	195,805	154,153
Elimination of the tax expense	48,385	32,187
Elimination of net borrowing costs	5,782	5,133
Effect of changes in inventory on cash	2,504	(18,066)
Effect of changes in accounts receivable and accounts payable	(23,729)	36,455
Net cash provided by or used for operations before tax	228,747	209,861
Tax paid	(29,807)	(53,641)
CASH PROVIDED BY OR USED FOR OPERATIONS (A)	198,938	156,220
Investment activities		
Acquisition of consolidated companies	(92,136)	(47)
Cash acquired	(1,973)	
Acquisition of tangible and intangible fixed assets	(132,609)	(112,803)
Acquisition of financial assets		
Change in granted loans and advances	(746)	227
Investment subsidies received		
Dividends received		
Total cash used for investment activities	(227,463)	(112,623)
Divested cash	36	
Disposal of consolidated companies		
Disposal of tangible and intangible fixed assets	12,995	1,341
Disposal of financial assets		
Total cash from disposals	13,031	1,341
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(214,434)	(111,281)
Financing activities		
Capital increase	32	
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(20,629)	(19,467)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	(20,598)	(19,467)
Issue of non-current loans	88,376	9,166
Issue of short-term loans	52,028	40,926
Repayment of non-current loans	(35,309)	(5,301)
Repayment of short-term loans	(45,143)	(54,354)
Net interest expense paid	(5,782)	(5,134)
Total cash from operations on loans and other financial liabilities	54,171	(14,698)
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	33,573	(34,164)
Effect of change in foreign exchange rates (D)	(8,149)	4,741
Effect of adjustments in treasury shares (D)	(762)	302
Changes in net cash (A+B+C+D)	9,166	15,818
Cash at January 1 (E)	116,569	100,751
Cash at year-end (A+B+C+D+E)	125,735	116,569
Cash and cash equivalents	141,719	125,812
Short-term banking facilities	(15,984)	(9,243)
Closing cash position	125,735	116,569

STATEMENT OF SHAREHOLDERS' EQUITY

	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
(in €'000)										
SHAREHOLDERS' EQUITY AT JANUARY 1, 2015 RESTATED	21,610	72,584	(15,042)	543,542	11,248	(6,505)	81,464	708,902	1,118	710,019
Profit (loss) for the period N ^(a)							81,764	81,764	95	81,859
Translation differences ^(b)					19,350			19,350	1	19,351
Payments in shares ^(c)						1,886		1,886		1,886
Capital increase								0		0
Restatement of treasury shares ^(d)			302			100		402		402
Restatement 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
Dividends distributed				(19,467)				(19,467)		(19,467)
Reclassifications								0		0
Restatement 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	(2,652)	81,764	792,257	1,189	793,445
<i>including total revenues and expenses recognized for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)</i>					19,350	3,853	81,764	104,967	71	105,038
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 differences ^(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
Restatement of treasury shares ^(d)			130			95		225		225
Restatement as per IAS19 ^(g)						(3,519)		(3,519)		(3,519)
Appropriation of N-1 earnings				81,764			(81,764)	0		0
Change in scope								0	512	513
Dividends distributed				(20,629)				(20,629)	0	(20,629)
Reclassifications								0		0
Restatement of financial instruments ^(f)						(8,980)		(8,980)	(48)	(9,028)
Various ^(e)				(4,852)				(4,852)		(4,852)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016	21,610	72,584	(14,610)	659,375	27,742	(13,452)	107,008	860,258	4,964	865,222
<i>including total revenues and expenses recognized for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)</i>					(2,856)	(10,801)	107,008	93,351	(685)	92,667

* Restated to account for IFRIC 21.

Functional organization chart



*Secondary sites.

** Disposed on February, 2nd 2017.



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