

Annual
Report

» 2019

lisi



Preamble

The COVID-19 crisis is a major event that is impacting our business as a whole. As of the date of this report, it is impossible to calculate the effect of the crisis on the Group's economic and financial position, although it is clear that it will have a marked impact.

Chapters (and particularly the paragraphs regarding outlook) were written before the extent of the crisis was fully known and understood. Nevertheless, the Group is making every effort to reduce the impact of the crisis and to instill its business continuity plan.

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Profile

LISI is a global industrial group specializing in the manufacture of high value-added assembly and component solutions for the aerospace, automotive and medical industries.

A partner of the world's leading players and wrought by its long-term family values, LISI has been innovating and investing in research and development of new products. The Group adapts its industrial tool to meet the current and future needs of its customers, especially in terms of quality, safety and performance. The Group differentiates itself on two strategic axes: innovation and operational excellence.

€1.72 billion
of sales

11,171 employees

45 industrial sites in

13 countries

LISI AEROSPACE

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

€997 M of sales
+6.7% vs 2018



LISI AUTOMOTIVE

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


€588 M of sales
+1.2% vs 2018

LISI MEDICAL

manufactures medical implants, ancillary implants and value added instruments.

€146 M of sales
+11.9% vs 2018

Letter from
management



Consolidating the present to better prepare the future ...

The LISI Group relies on its long-term vision to pursue clear strategic orientations and a well-defined roadmap. This vision does not rule out the need to constantly adjust to ever-changing market conditions.

After the targeted acquisitions completed in 2017 and 2018, LISI continued in 2019 a strategy of refocusing on higher value-added activities. The development of new products was highly sustained across the three divisions. Concurrently, certain activities that the Group could no longer strategically develop were sold.

In organic growth, LISI will have generated nearly €50 million in additional sales - equivalent to the size of an average Group plant.



GILLES KOHLER
Chairman of the Board



EMMANUEL VIELLARD
Chief Executive Officer



After the targeted acquisitions completed in 2017 and 2018, the LISI Group continued in 2019 a strategy of refocusing on higher value-added activities. //

Operational excellence

In terms of operational excellence, the three structuring programs that make up the LISI SYSTEM (LEAP, E-HSE and COS) have proven their maturity. Digital transformation initiatives now complete the system and offer new, ever more ambitious prospects for progress.

By way of example, the deployment of MES (Manufacturing Execution System) control systems makes it possible to connect all critical machines and analyze crucial masses of data in order to eliminate waiting times, reduce adjustment times and optimize maintenance. This significant advance is fully in line with the Group's continuous improvement policy and its efforts to always offer the best to its major strategic customers.

Investment capacity

This progress is only possible thanks to a policy of sustained investment.

In a context of worldwide competition, the LISI Group has as its ambition to continue on this path in order to maintain the competitive advantage it has built patiently over time. Whatever the short-term developments in the business sectors in which LISI operates, the Group remains on course.

These investment efforts benefit all production sites, including those located in the midst of territories sometimes neglected by economic players. The Group is developing a strong specialization in each industrial establishment to position it as a center of excellence.



The long-term vision on which the LISI Group relies does not rule out permanent adaptation to ever-changing market conditions. //

A socially responsible player

Thanks to the strong involvement of the 11,171 women and men who make up LISI in 2019, progress is real in terms of new products and industrial excellence.

Human capital is crucial here. The LISI Group must therefore constantly improve the attractiveness of all its businesses and all its sites. This notably involves excellence in health and safety at work, an area in which LISI has achieved remarkable results (frequency rate of accidents with and without lost time decreased by 54% in 10 years) and where the Group aims to always do better. These actions will be complemented by efforts to guarantee that its supply chain will be managed ethically and responsibly.

LISI is committed to a comprehensive approach as a socially responsible player. This concern, which has been at the heart of the Group's decisions for many years, will now gain in structure. It will be deployed at all levels of the company, not only methodically, but also with great conviction.

Its activities must be cleaner, more attractive and beneficial to all stakeholders. To achieve this and fully play its role in society, the LISI Group must therefore display sustainable growth results by transforming constraints into opportunities.

The LISI Group is therefore bolstered by its rich history and diversity and continues to prepare for the future, even in difficult times.

EMMANUEL VIELLARD
Chief Executive Officer

GILLES KOHLER
Chairman of the Board

Leadership Board

Antoine GREMILLET**1**

Senior Vice President General Manager
Business Group Forged Integrated
Solutions of LISI AEROSPACE

Cédric DEJEAN**2**

Senior Vice President General Manager
Business Group Fasteners Europe
of LISI AEROSPACE

Christophe MARTIN**3**

Senior Vice President General Manager
Business Group Threaded Fasteners
France of LISI AUTOMOTIVE

François-Xavier DU CLEUZIOW**4**

Senior Vice President – Customers
of LISI AEROSPACE

Marc STEUER**5**

Senior Vice President General Manager
Business Group Extrusion Forming & Sheet
Metal of LISI AEROSPACE

Jean-Philippe KOHLER**6**

Deputy CEO in charge of internal audit
and HR coordination

Bénédicte MASSARÉ**7**

Senior Vice President - Finance of
LISI AEROSPACE

François LIOTARD**8**

Chief Executive Officer of LISI AUTOMOTIVE

Emmanuel NEILDEZ**9**

Chief Operating Officer of LISI AEROSPACE



Laurent SANCHEZ

10

Senior Vice President General Manager
Business Group Clipped Solutions
of LISI AUTOMOTIVE

Christian DARVILLE

11

Senior Vice President of LISI
Administration & Strategic Development
North America of LISI

Raphaël VIVET

12

Financial Control Director of LISI

Jean-Marc DURANO

13

Chief Executive Officer of LISI MEDICAL

Cécile LE CORRE

14

Chief Legal Officer of LISI

Emmanuel VIELLARD

15

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

Martin BELEY

16

Senior Vice President General Manager
Business Group Safety Mechanical
Components of LISI AUTOMOTIVE

Jean-Louis COLDERS

17

Chief Executive Officer of
LISI AEROSPACE

Christophe LESNIAK

18

Senior Vice President Industrial
and Purchasing Manager of LISI

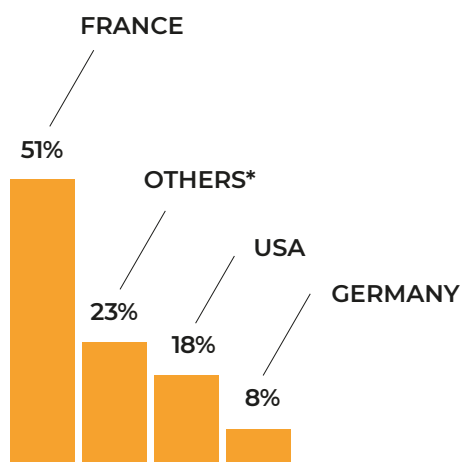


International

A group
present in
13 countries



11
SITES IN
NORTH
AMERICA

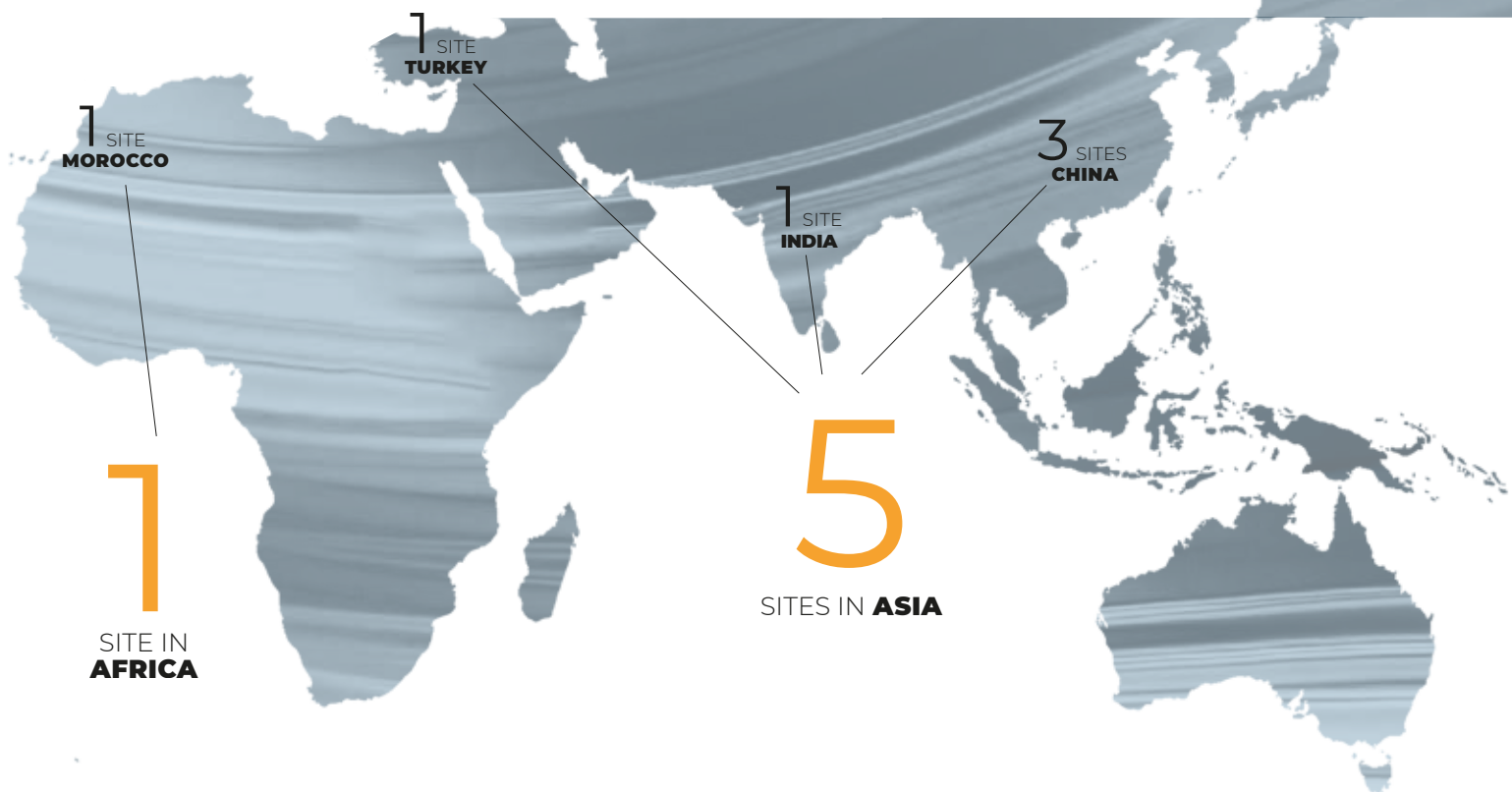
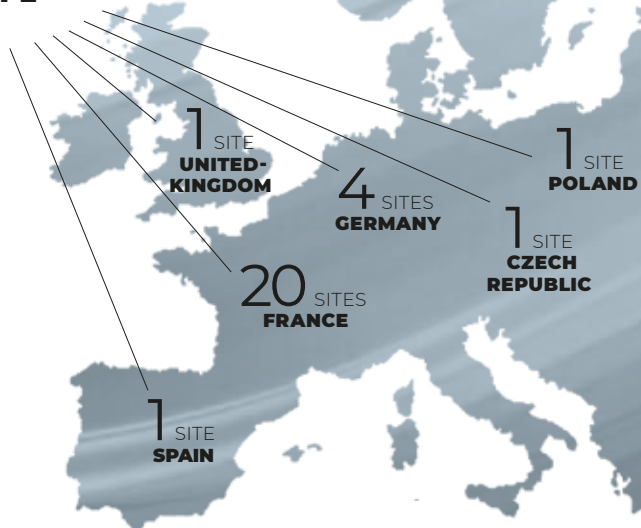


**Breakdown of employees
by geographical area**

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

28

SITES IN **EUROPE**





Challenge

... Creating
value to build
sustainable
partnerships ...



€1.72 billion
in sales in 2019



> 6.5%

Average annual growth rate between 1999 and 2019

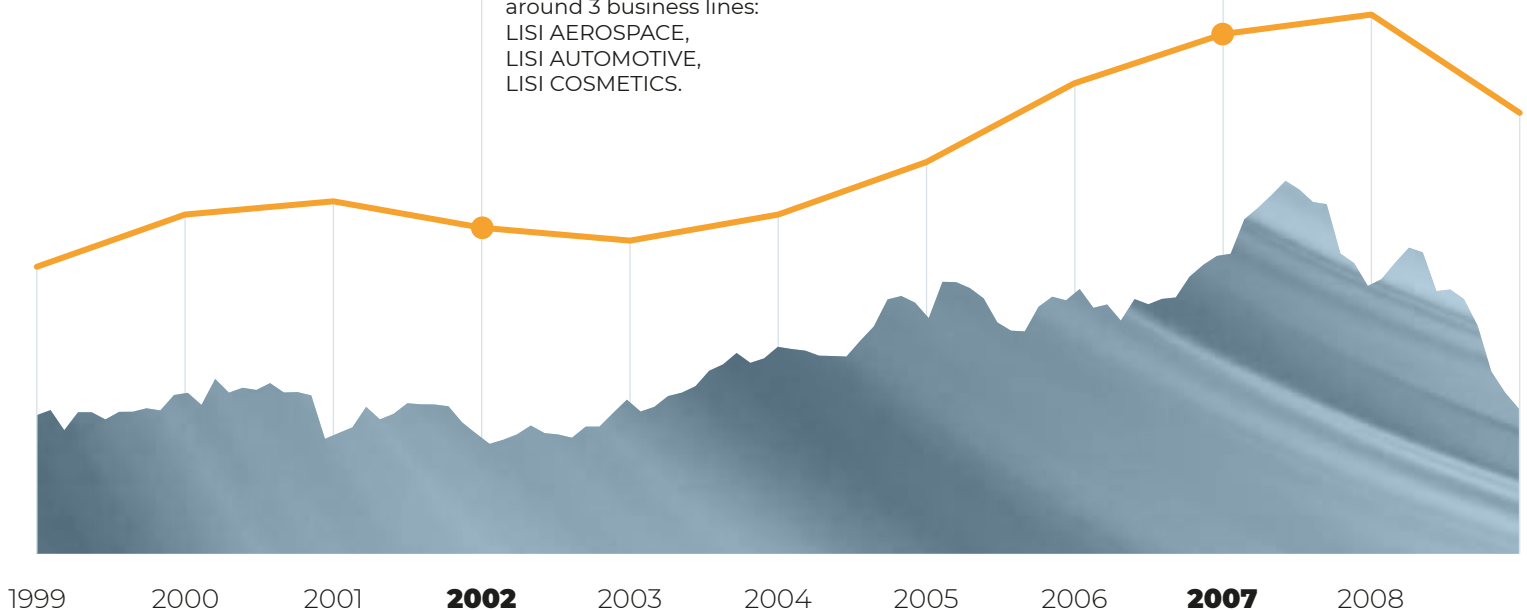
LISI has developed a growth strategy that has enabled it to become a global player by generating value for its customers, partners and employees. Based on the long term, this strategy relies on the Group's two historic pillars: innovation and operational excellence.

€517M

GFI becomes LISI.
The Group is organized around 3 business lines: LISI AEROSPACE, LISI AUTOMOTIVE, LISI COSMETICS.

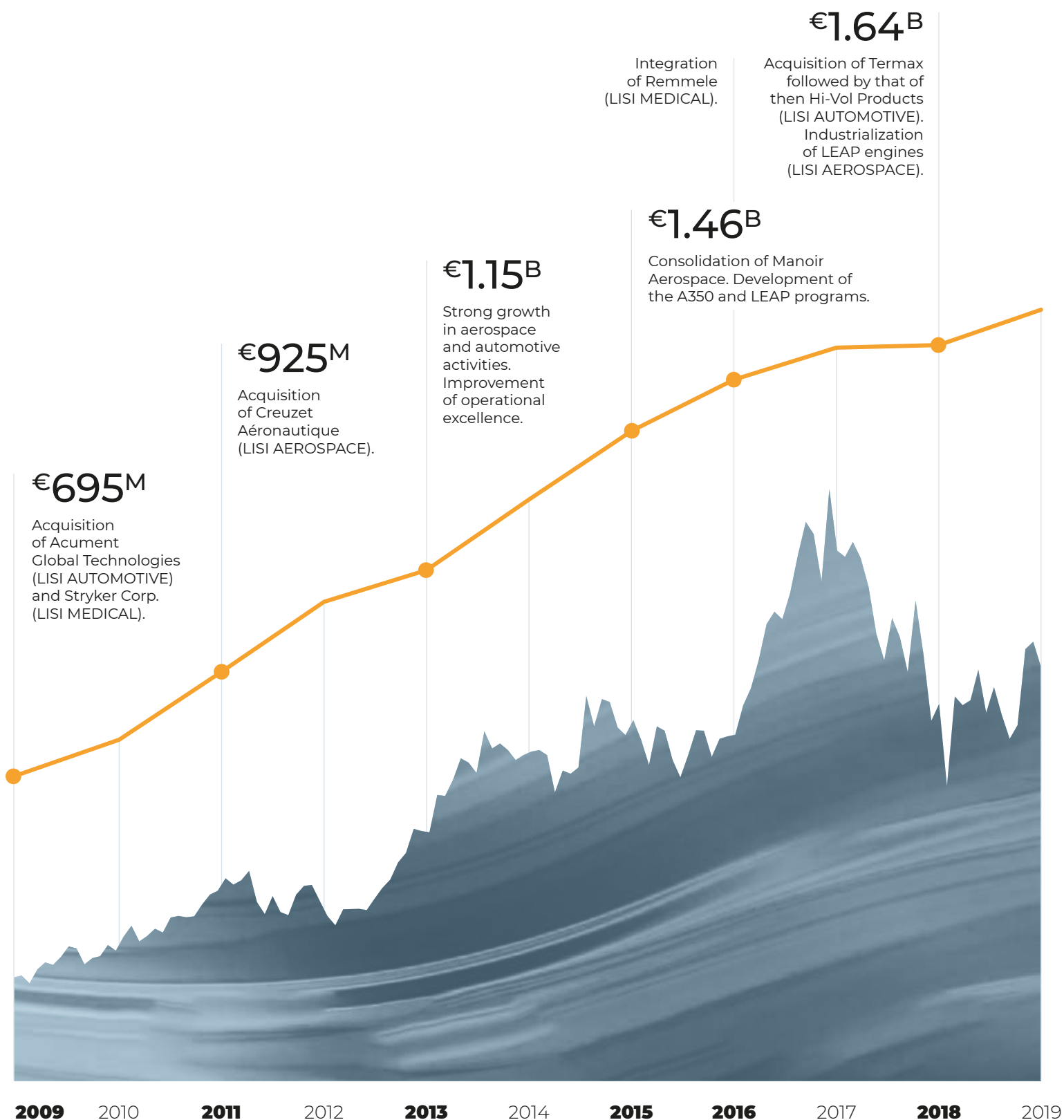
€816M

Strong increase in the capacity of LISI AEROSPACE. Integration of Knipping by LISI AUTOMOTIVE. Creation of the LISI MEDICAL division.



— Evolution of the LISI Group's sales between 1999 and 2019.

— Evolution of the LISI Group's stock market value between 1999 and 2019.



2019 › A year of refocusing on high value-added activities

To adapt to an ever-changing environment, the LISI Group focuses on its higher value-added activities.

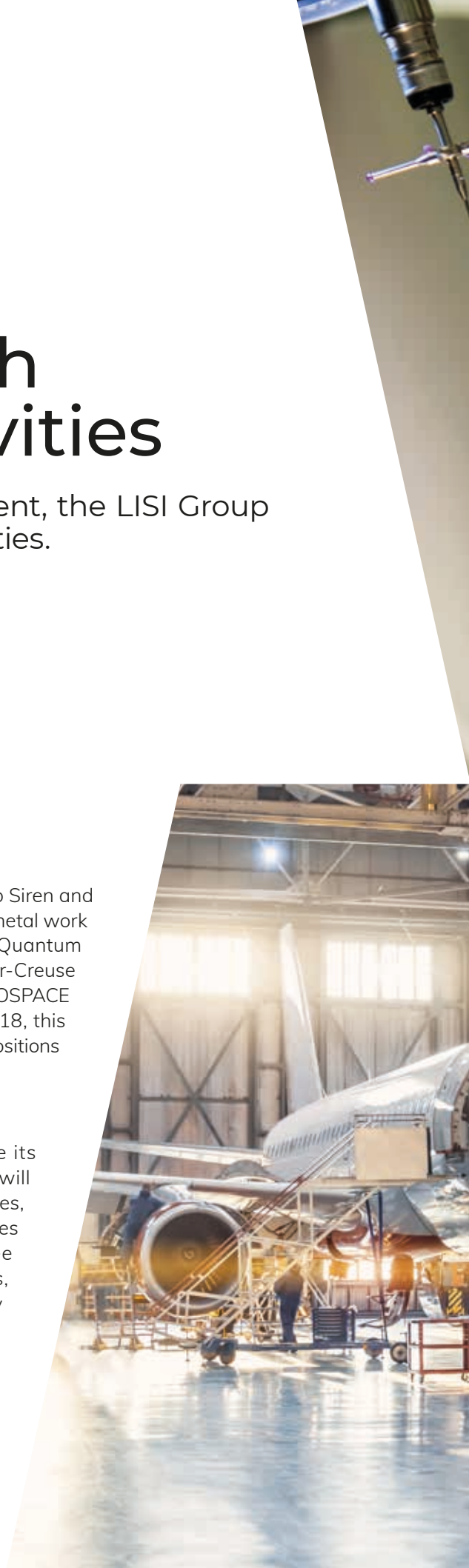
LISI AEROSPACE

A new organization

In 2019, LISI AEROSPACE sold its subsidiaries Indraero Siren and LISI AEROSPACE Creuzet Maroc, specializing in sheet metal work and aerostructure assembly, to the fund managed by Quantum Capital Partners. Indraero Siren is located in Argenton-sur-Creuse and Déols, in France, where it employs 422 people. LISI AEROSPACE Creuzet Maroc employs 283 people in Casablanca. In 2018, this group generated sales of €61 million, relying on significant positions at Airbus and Safran.

Strategic refocusing

The LISI AEROSPACE division thus intends to consolidate its fasteners activity and focus on complex primary parts. It will focus in particular on the development of strategic technologies, such as forging, forming, and extrusion. Such streamlining makes it possible in particular to deploy an organization into three Business Groups (Europe Fasteners, North America Fasteners, Structural Components) that are commercially and industrially autonomous, but coordinated within the division. The objective is to provide quick responses, close to customer expectations and product requirements.





LISI AUTOMOTIVE

Evolution of the product mix

After purchasing North American companies Termax and Hi-Vol Products, LISI AUTOMOTIVE continues to refocus on higher value-added clipped solutions and mechanical components. The division has sold its Saint-Florent-sur-Cher subsidiary, which produces chassis screws and studs, and steering ball-joints, to AFF St Flo. The Saint-Florent-sur-Cher site employs 159 people and generated €36.1 million in sales in 2018 thanks to its positions with PSA, Renault and the equipment supplier JTEKT. The AFF group plans to accelerate its development in the automotive screw fasteners market.

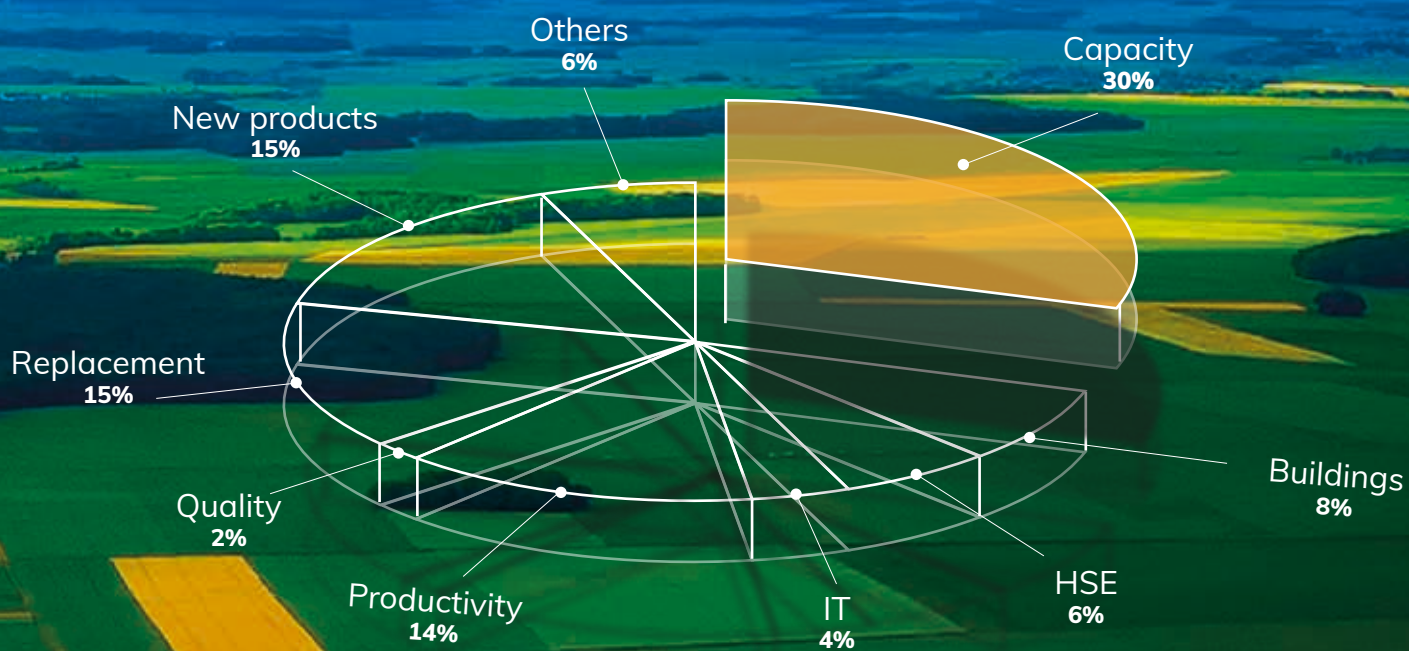


CAPEX

... Engaging
to boost the
territories ...

> €117M

in CAPEX by the
LISI Group in 2019,
of which 30% relate to
production capacity







CSR
FOCUS



LISI GROUP

LISI, a driver for the development of territories

The LISI Group was honored this year for its investment and its role in boosting the territories. LISI was selected in the first Choiseul ranking, which crowns “The New Conquerors of the Economy”. The Group stands out in the “Drivers of responsible development of territories” category. This ranking reveals the companies of the French *Mittelstand* which contribute, by their actions and their investments, to the dynamism, and to the social, economic and cultural development of the territories.

€35 M

capacity investments in 2019,
i.e. 30% of CAPEX



Target: finance development, ensure conditions for growth

Function: boost the company and the regions on a durable basis, create jobs

LISI AEROSPACE

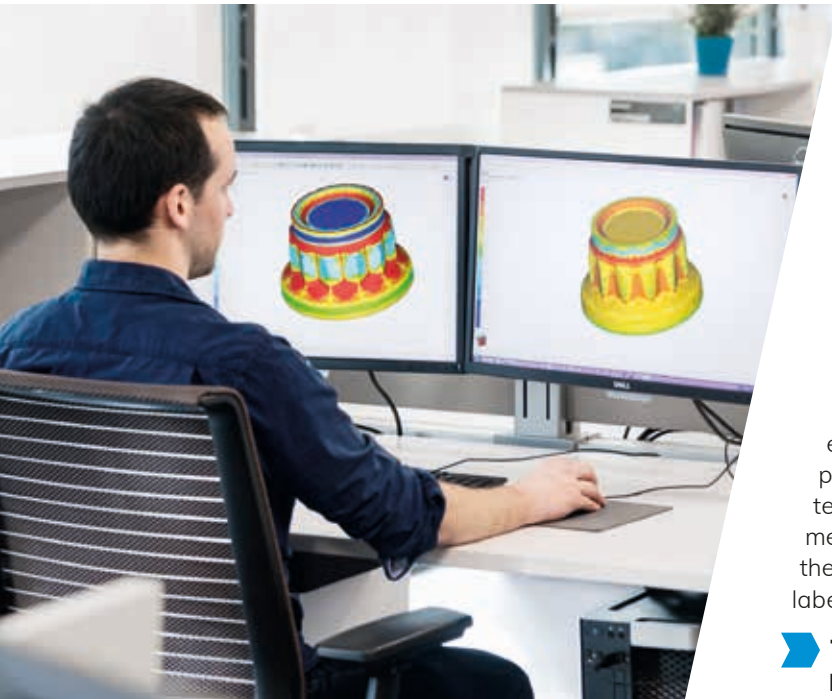
Automation at the Dorval plant



The supply and transfer of parts between the five workstations of the autonomous production group E1 at the Dorval plant in Canada has been fully automated. The loading and unloading of the various machines, which remain autonomous, are now handled by 5 robots. A sixth mobile robot (Automated Guided Vehicle) transfers parts trays from one station to another. Automated control systems make it possible to guarantee the conformity of the machined parts before transferring them to the next station, and are linked to the ERP (integrated management software) and SPC software (statistical process control) to better control any process drifts.

Target: productivity, process optimization and quality control

Function: automation of a production line



LISI AEROSPACE

Producing titanium nuts in Villefranche-de-Rouergue



Initiated in 2017, capacity investments intended for the production of new titanium nuts for Boeing continued in Villefranche-de-Rouergue in 2019. In total, more than €8 million were committed for this development, which mobilized 10 people to set up the project, 32 employees on the production line, nearly 30 pieces of dedicated equipment and the establishment of more than 80 local partnerships. The production of these nuts calls for new technical solutions (digital simulation, innovative cutting means), robots and data recovery sensors. With this project, the site was awarded the "Showcase Industry of the Future" label by the French Alliance Industrie du Futur (read p. 66).

Target: capacity, productivity

Function: mass production of new generation titanium nuts

LISI AEROSPACE

Automation at City of Industry



In 2019, the LISI AEROSPACE site in City of Industry (California) completed two major automation programs. The first one relates to assembly lines, where 6 robots have been installed to assemble more or less complex products such as nut plates, clip nuts, or fasteners for coatings used on the aircraft of its various customers. These robots, developed and coordinated by teams of LISI AEROSPACE engineers and with external support, help to increase productivity. The second program relates to machining, with the establishment of a new automated electroerosion machining center (EDM), which increases productivity by 400%, reduces costs and improves quality. The center operates on a 24x7 ongoing basis with a minimum number of operators.

► **Target:** productivity gain, cost reduction, quality optimization

Function: assembly (assembly robots), panel fixing components (EDM machining center)



LISI AEROSPACE

LAAM: metallic 3D printing for the Airbus project



LISI AEROSPACE Additive Manufacturing (LAAM) has just acquired a second 3D printing system for the production of a part called Oring which allows to defrost the air intake lip of the Airbus A350 engine. This printer uses DMLS (Direct Metal Laser Sintering) 3D printing technology. This solution makes it possible to shape and manufacture parts with complex geometries in a single print from powdered metallic materials (aluminum, steel, titanium, nickel and cobalt chromium alloys). Produced with Inconel 718®, printing the Oring requires several dozens of hours of fusion and various heat treatments. The two machines are expected to deliver 120 pieces per year to Airbus.

► **Target:** capacity equipment

Function: 3D printing from metallic materials



LISI AUTOMOTIVE

A fifth multistation machining center in Livonia



The LISI AUTOMOTIVE site in Livonia (Michigan), acquired by the Group in the context of the takeover of the American company Hi-Vol Products in 2018, produces each year more than 9 million stainless steel injector supports that fit V6 engines and V8 for General Motors Silverado, Sierra and Tahoe pickup trucks. The four existing multistation machining centers, which have reached their capacity limitations, have been supplemented with a fifth unit which integrates 16 machining stations and a loading robot.

- **Target:** capacity, securing deliveries
- Function:** machining of stainless steel injectors



LISI AUTOMOTIVE

Delle du Futur: transformation completed!



Launched in 2017, the Delle renovation project (Territoire de Belfort) is coming to an end. This transformation has made possible the reconstruction of 2,200 m² of industrial buildings - mainly an automated wire plant for the reception, storage and delivery of raw materials - and the transformation of 3,000 m² into office space. The development of this site, which employs 440 employees, has created a real dynamic for the territory through the many local companies involved in the project.

- **Target:** modernization, extension
- Function:** manufacture of threaded fasteners, central services and R&D center





LISI AUTOMOTIVE

A second line of electric parking brakes in Mexico



Mass production of safety mechanical components started at the Mexican site in Monterrey in January 2019. The first production and assembly line for electric parking brakes, already operational for the customer ZF, was completed by a second line, in accordance with the growth plan planned for this site. This new line, whose industrialization lasted 12 months, has a capacity of 3 million parts. It will produce electric parking brakes intended for Ford vehicles. This investment brings Monterrey's production capacity up to 5.5 million pieces.



Target: capacity investment

Function: production of electric parking brakes

LISI MEDICAL

New machining centers at Big Lake



To support the growth of its production of minimally invasive surgery equipment, the LISI MEDICAL site in Big Lake, in the United States, has just welcomed a series of 3 machining machines, which complete the 6 machines already in use. These 9 units, supplied manually, will soon be equipped with 3 robots in order to create 3 automated production islands which will allow them to operate on a fully autonomous basis.



Target: capacity equipment: machining machines

Function: production of stapler components for minimally invasive surgery



Sustainable growth

... Taking action
to master our
environmental
footprint ...



Target for



2030

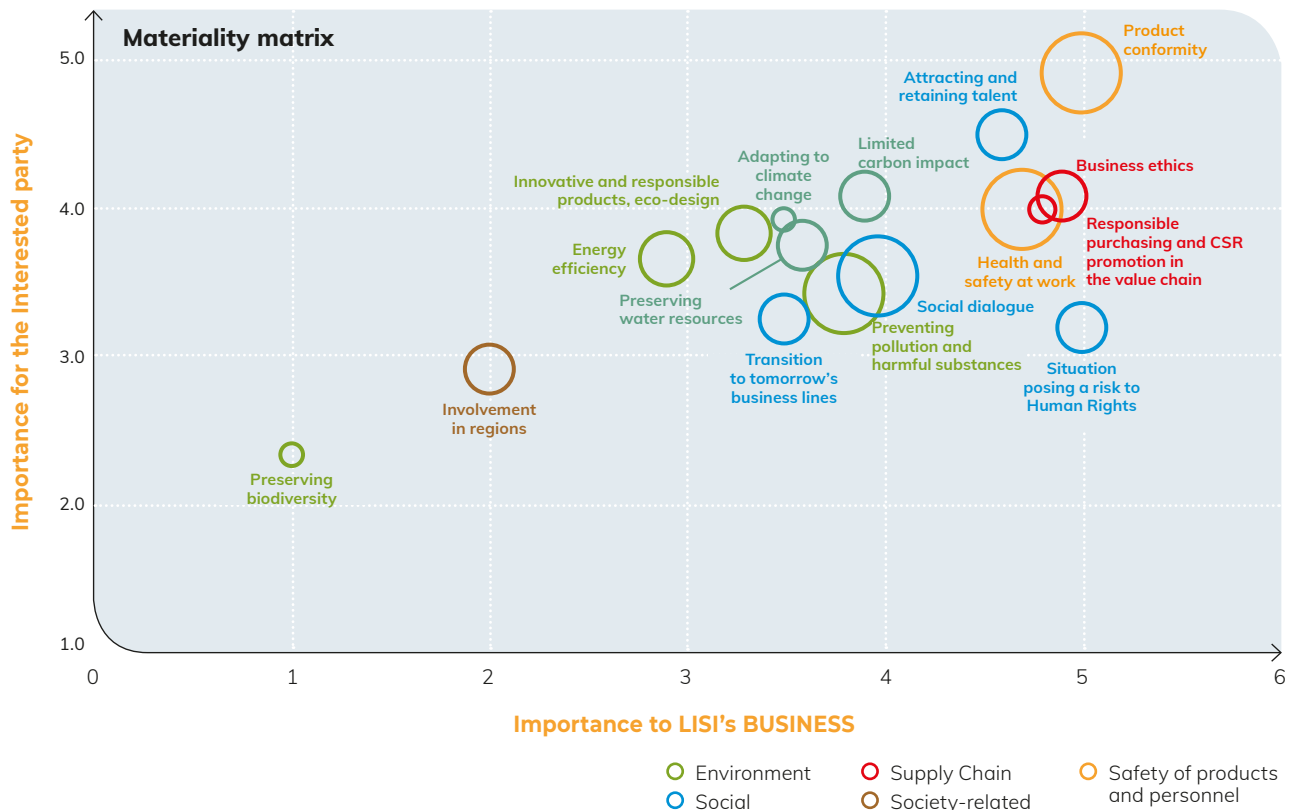
As part of the Group's strategy, LISI's CSR approach revolves around 5 major areas, with targets set for 2030.



A substantive approach an integral part of the group strategy

Committed for many years to an active approach to sustainable development, the LISI Group wanted to further structure all of its action. In 2019, it defined 5 strategic areas in terms of social and environmental responsibility. The CSR targets will be included in its strategy from 2020, in the same way as those relating to its commercial development and operational excellence.

LISI's CSR strategy, inspired by the ISO 26000 standard, will be gradually implemented and deployed across the entire company. From the Group's parent company to the 45 industrial sites, it will aim to respond concretely to the global, as well as local, challenges of its stakeholders.





Concrete commitments

Through this strategy, LISI intends to promote collective and individual commitment towards a continuous improvement approach; create value for the company, its suppliers, its customers; promote good practices and have a positive economic, social and environmental impact; develop sustainably with its partners while respecting people and their cultures; and finally remain pragmatic by adopting adapted realistic solutions.

Define a materiality matrix

A CSR steering committee was created to analyze and prioritize the challenges of the LISI Group, taking into account the importance of these for interested parties. Such interested parties were asked to gather their expectations in terms of CSR. Their responses allowed for the establishment of a materiality matrix and 5 strategic areas, validated in June 2019 by the Management Committee and the Board of Directors of the LISI Group. These 5 areas constitute the roadmap and the targets that the company has set itself for 2020 and 2023, as well as a vision for 2030.



5 work areas, targets by 2030



Retain our talents and strengthen the attractiveness of our business lines

2020

- 100% of the sites have a formal partnership with a school
- Increase the percentage of women in senior management
- Absenteeism rate at 3.1%
- 100% of the Quality of Life at Work surveys are launched and 100% of the action plans are deployed

2023

- Align the distribution of men and women in the governing bodies to the right proportion of the group, i.e. 22% women
- Absenteeism rate at 2.9%
- Visibility of LISI among the best employers in its sector

2030

- Foster employee engagement: well-being at work, mobility
- Develop an agile and collaborative organization: diversity, community work
- Anticipate the work of tomorrow: evolution of trades and skills, continuous learning



Achieve excellence in occupational health and safety

2020

- Frequency rate of work accidents with and without lost time (LISI employees and temporary workers) consolidated TF1 less than 8
- No level 1 non-compliance in the machine park

2023

- 100% of staff undergo 1 safety training / year
- 0 site including TF1 > 10
- 100% of significant risks are covered by an action plan

2030

- Consolidated TF1 less than 5
- No "painful" positions

3 Improve the environmental footprint of our activities and products

2020

- -12% energy saving vs 2018
- -12% water saving vs 2018
- -7% greenhouse gas emissions vs 2018

2023

- -5% energy consumption vs 2020
- 10% renewable energy, produced on site or purchased
- No dependence on water in areas of water stress

2030

- -30% greenhouse gas emissions vs 2020
- -10% energy saving vs 2020
- 20% use of renewable energy

4 Guarantee the satisfaction of our customers through the efficiency of our processes

2020

- 0 critical incident on parts which can cause a safety problem
- 0 major non-compliance with quality certifications

2023

- -10% of non-critical incidents vs 2020
- -10% of the cost of internal non-quality vs 2020

2030

- 0 customer feedback = "On Target Quality" at 100%
- 0 late delivery = 100% "On Time Delivery"
- Traceability and digital compliance

5 Commit to a responsible supply chain

2020

- Integration of CSR into the procurement transformation project

2023

- LISI fully integrates the criteria of ethics and social responsibility when selecting its suppliers
- LISI assessed its 100 most strategic suppliers against CSR criteria

2030

- 100% of the strategic suppliers from a CSR perspective are assessed
- LISI works with ethical and responsible suppliers



Ambitious and measurable commitments



Gaia index: LISI in the ranking of responsible companies

LISI has been in the Gaia index for measuring corporate CSR scores for several years. In 2019, the Group ranked 44th out of the 230 companies analyzed and 35th in the category of companies whose sales exceed €500 million (out of a total of 86 companies). This ranking, which highlights the CSR performance of listed French companies, is published by Gaia Rating, the ESG rating agency of Ethifinance, following an annual data collection campaign.

230 listed companies analyzed according to CSR criteria

Companies are then rated on their level of transparency and performance. Rankings are established by sales brackets in order to reward the best players from a limited panel of 230 SMES and mid-caps listed on the Paris Stock Exchange respecting 3 size criteria and a liquidity criterion. This ranking has become an essential benchmark for asset management companies, private equity firms and analysts, who now base a significant part of their strategy and their investment decisions on CSR criteria. In the four areas of the analysis (Governance, Social, Environment and external Stakeholders), the LISI Group obtains scores above the average of companies in the industrial sector.





French Business Climate Pledge, committing to the climate

In 2020, the LISI Group will join the French Business Climate Pledge, initiated by the Mouvement des Entreprises de France (Medef) in order to encourage entrepreneurial approaches in favor of the climate. The 99 French companies that signed this collective initiative now represent combined sales of more than €1,650 billion. They are committed to quantified targets for reducing their greenhouse gas emissions by 2030.

Quantities consumed
for €1,000 of value added
(change over 1 year)

► **Water -10.3%**

0.851 M³/k€
of added value

► **Energy -10.1%**

0.513 MWh/k€
of added value

► **Waste -14.5%**

45.8 kg/k€
of added value



LISI GROUP

Remediation operations for historical sites

The LISI Group undertakes systematic remediation operations when renovating its sites. The removal of polluted soil is the solution adopted most frequently. During the transformation of the Delle site in the Territoire de Belfort (Delle du Futur project), the foundation earth was excavated and treated. A total of 1,800 tons of soil were thus cleared.



Target: land remediation

Function: restoration of historic sites

LISI GROUP

Reduction in water consumption

In constant search for technologies to reduce the environmental footprint of its sites, the LISI Group is increasing investments aimed at reducing water consumption. In 2019, the LISI AUTOMOTIVE (material preparation) site in Grandvillars implemented a polymer coating technology which, combined with the reuse of water from the treatment station, saved 6,500 m³. LISI AEROSPACE in Villefranche-de-Rouergue has integrated rainwater recovery and reuse into its process. As for the Bologne site, it has managed to save 32,000 m² by raising awareness among its staff and adopting various technical improvements.



Target: reduction in water consumption

Function: limit the environmental impact of production activities





LISI GROUP

LKI university settles in the Forges area

A new stage in the restoration of the Forges area in Grandvillars initiated by the local federation of municipalities (Territoire de Belfort), the establishment of the LKI corporate university (LISI Knowledge Institute) at the heart of the Group's historic cradle is a strong symbol of the dynamic in favor of the territories initiated by LISI. This 600 m² building, located in the same building as the Group's headquarters will host its first internal training courses in 2021. The federation of municipalities will establish a hotel and restaurant in the last building to be renovated in the area.



Target: restoration of Grandvillars's historic forges

Function: creation of LKI university



Innovation



... Support
the change
makers ...





€3.7M

investments in R&D



A passion for progress

 **247** robots
per 10,000 employees

With 305 polyarticulated robots and 200 Cartesian robots in operation in 2019, LISI today has a ratio of 247 robots per 10,000 employees, against an average of 154 in French industry.



Number of robots / 10,000 employees

Initiated in 2017, LISI's digital transformation is accelerating. The Group has implemented several digital projects in manufacturing operations and in administrative processes. Several key milestones were reached in 2019.

Boost team meetings

In partnership with a start-up company, a Digital PSM (Problem Solving Management) platform has been set up to revitalize the daily team meetings focused on problem solving. This fully digital solution makes it possible to capitalize on data, boost exchanges and raise employee awareness about quality issues.

Manage production in real time

Two proofs of concept (POC) are currently being conducted in France and the United States to assess two technologies for the future production control system (MES). It must enable access to production data in real time and be able to make faster decisions.



Geolocate

A geotracking experiment is also underway on production orders, work in progress and tools. This software program unlocks the potential of previously invisible data, such as trajectory, utilization rate and alert management data.

Empower robots

Deployment of Closed Door Machining and H8M24 continues.

► **Closed Door Machining** makes industrial equipment ultra-efficient, capable of self-adjusting during production, improving quality in real time and extending its autonomy. Three of our sites already have installed equipment.

► **The H8M24** makes it possible to stabilize a complete production process so that human intervention is no longer necessary for an entire night, or even an entire weekend. The machines become fully autonomous, from the feeding to the removal of the finished parts. Three LISI sites around the world now have these technologies.

In 2019, 53 new robots were also commissioned in the Group's various plants around the world.

Administrative management 4.0

LISI's digital transformation is also accelerating in terms of administrative processes. In addition to the end-to-end path, initiated in 2018 to decompartmentalize the administrative management stages of an order, several key solutions have been added to the digitalization of processes.

► Paper-free

The electronic invoicing platform implemented within the Group must gradually be rolled out in 2020 to all suppliers and customers.

► Automation of tasks

The Group is also expanding the automated processing of invoices and the collection of documents related to the order process on a larger scale: purchase orders, delivery notes, payment slips. Bookkeeping productivity is greatly increased.

Human capital management

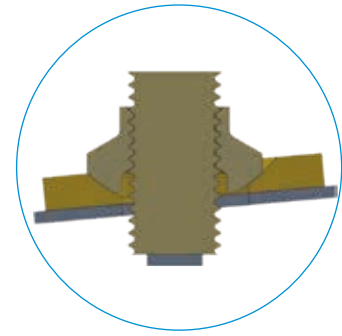
LISI invests in a global and digital human resources management solution. By 2021, this will make it possible to offer Group employees, as well as external candidates, an attractive digital experience for all human resource management processes. It will also provide managers with relevant tools to monitor performance indicators of an HR nature or to issue 360° HR consolidation in real time.

LISI AEROSPACE

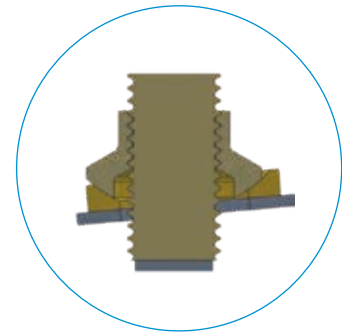
Digital systems to model and optimize

LISI AEROSPACE continues to invest in digital simulation – in tools as well as in skills – in order to accelerate the development of new products and innovative manufacturing processes. For the first time this year, the STARLITE™ family of self-aligning nuts has been fully optimized and validated in digital mode, without producing physical prototypes. This new step was made possible by correlating the digital models with the physical tests already carried out, and thanks to the methods of optimization of the parameters developed by the division's R&D teams.

► **Gains / Benefit** – These technologies offer mass reduction gains of around 50% compared to the initial design, a reduction in development time by 6 months thanks to the elimination of physical prototyping.



Before Initial design



After Optimized design



LISI AEROSPACE

Air intake lips that reduce consumption

Improving the aerodynamics of air intakes is an important topic for aircraft manufacturers seeking to reduce the fuel consumption of aircraft. By limiting the in flight drag of the engine nacelle – one of the areas in which they are working – increasing the depth of the external surface of the air intake lip constitutes a possible improvement solution. The LISI AEROSPACE site in Marmande has managed to develop a means of producing in one piece this deep lip, complex to manufacture. A prototype of the part was unveiled in June 2019 during the last Paris Air Show.

► **Gains / Benefit** – The increase in the depth (x 2) and the surface (x 1.75) of the air intake lip limits the in flight drag of the engine nacelle.

Big data at the service of quality

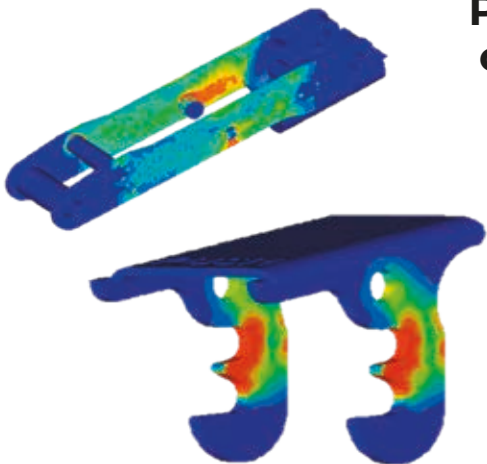
The production of complex mechanical parts presupposes extremely high quality requirements. This is the case for the leading edges manufactured at the Marmande site and which require controlling all the manufacturing data that influence the final result. The Product & Process teams have thus identified nearly 30,000 relevant parameters to record, monitor and correlate. The automatic recording of this data allows each part produced to have its own genome. Analyzed in real time by software adapted to the processing of big data, this data makes it possible to measure possible drifts on a product feature and to identify the manufacturing parameters it stems from. Their accumulation finally makes it possible to capitalize on incomparable knowledge and to feed the simulation models of manufacturing processes.

► **Gains / Benefit** – These databases constitute a competitive edge. They allow for continuous improvement of quality and manufacturing costs.



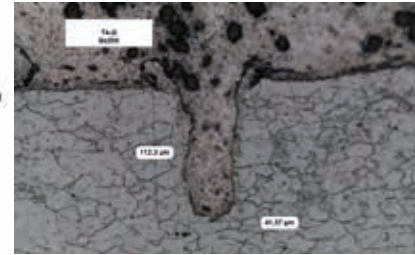
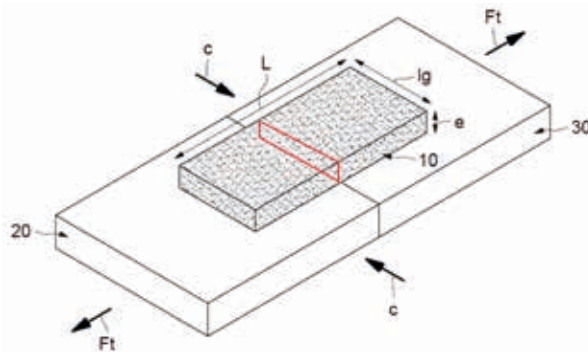
The Product & Process teams have identified nearly 30,000 relevant parameters to record, monitor and correlate to control the manufacturing data that influence the final result. //

Predicting the strength of locking devices



Every aircraft is fitted with locking systems that perform a variety of functions. They are generally subjected to significant mechanical forces and thus participate in the structural strength of the devices. The means of digital simulation and the research carried out by LISI AEROSPACE in this field make it possible today to predict the mechanical strength of the components of these parts, their rate of deformation and their kinematic behavior. This precious data avoids the prototyping stages and accelerates the testing phases.

► **Gains / Benefit** – Save time and reduce costs during development phases. Best time to market.



LISI AUTOMOTIVE

μ-MACH-AP®: a 3D process for multi-material assemblies

To facilitate assembly between several materials, LISI AUTOMOTIVE has developed, in collaboration with the Bourgogne Carnot Institute of the University of Technology Belfort-Montbéliard, an in-situ innovative additive manufacturing process, which combines laser texturing and supersonic cold projection of metallic powder. This technology, called μ-MACH-AP®, allows for robust assembly between two parts placed end-to-end, or partially overlapping. It is an innovative alternative for making multi-material assemblies, without limitation of geometry.

► **Gains / Benefit** – Weight gain, no limitation in geometry of multi-material assemblies, agile process.

LISI AUTOMOTIVE

EBS fluo-tapping screw

Guided by market demand in terms of lighter vehicles, LISI AUTOMOTIVE has chosen to direct its R&D efforts towards solutions that facilitate multi-material assemblies. One outcome of this strategy, the EBS fluo-tapping screw allows materials of different natures to be assembled together where partially overlapping. Thanks to its specific advanced geometry, it can perforate high-strength steels, aluminum alloys or composite materials, while forming a thread by plastic deformation in the two materials to be assembled.

► **Gains / Benefit** – Weight gains by facilitating multi-material assemblies.





LISI AUTOMOTIVE

New equipment for research management

The central laboratories of LISI AUTOMOTIVE acquired new cutting-edge equipment in 2019 to support research and innovation in multi-material assemblies. The division has acquired an instrumented screwdriver to conduct assemblies by fluo-tapping (tapping by plastic deformation, without pre-drilling) with perfect control of the different fluo-screwing parameters: speed, penetration force, torque, etc. Investing in an electromechanical fatigue machine allows to qualify the assemblies in terms of fatigue resistance and relaxation in service. The division has also purchased a scanning electron microscope in order to characterize the microstructure of the materials and guarantee their conformity.

Performance



... Improving
operational
excellence to gain
efficiency ...



leap

A3

PSM

WSM

leap

lisi
AEROSPACE
SAINT RUEN L'AUMORE

CROISSANCE
PROFITABLE ET DURABLE

HOMMES
ET ÉQUIPES

AMÉLIORATION
CONTINUE

CHASSE AUX
GASPILLAGES

STANDARDS & MANA

LES 10 ATTIT

Quality

They guarantee the conformity of the parts in compliance with the standards and norms in force. They are Quality Production Engineers, Measurement Technicians, Control Operators, etc.

Maintenance

They ensure the proper functioning of production tools through preventive and curative actions. They are Maintenance Technicians, Maintenance Agents, Mechanics, etc.

11,171
employees put their
expertise to the service
of the Group

Support functions

They mobilize their skills according to the needs of the company. They define and implement commercial, financial and purchasing strategies, as well as the management of human resources and information systems. They are Management Controllers, Sales Directors, HR Managers, Purchasing Managers, etc.

HSE

They ensure the prevention of risks in terms of Health, Safety and Environment. They are HSE Managers, HSE Coordinators, etc.

Legal and Internal Control

They defend the company's interests and limit the risks on the strategic, commercial, social and financial levels by ensuring that the law, regulations and contracts are properly applied.



Production

They are responsible for the production and inspection of the parts. They contribute to improving productivity on a daily basis. They are in charge of APU (Autonomous Production Unit), Supervisors, Adjusting Operators, etc.

Engineering, technical, R&D and industrialization

They invent the technologies, materials, processes and products of tomorrow. They are Project Managers, Engineers, etc.

LEAN / Improvement continues

They ensure the optimization of industrial performance. They manage projects aimed at improving the efficiency and productivity of activities and teams within the site.

Supply Chain

They coordinate and synchronize all logistics activities with production activities. They are Logistics Managers, Logistics Coordinators, etc.

LISI SYSTEM

A structuring tool of excellence

At the heart of the Group's industrial performance, the LISI SYSTEM continuous improvement program now covers all of the Group's businesses. It has been extended to CSR social and environmental responsibility practices.



In the competitive environment in which it operates, the LISI Group must achieve operational excellence in all of its businesses. LISI SYSTEM, which structures and organizes all the improvement programs deployed in the Group, constitutes the heart of this permanent search for performance.

An all-encompassing system

After several years of training, coaching employees and operational deployment, LISI SYSTEM has reached its full level of maturity. Today, it allows each of the Group's plants, and for each of the support services, to take full advantage of them in order to improve its own performance:

- **In health, safety and the environment**, themes supported by the LISI E-HSE program, LISI reached in 2019 performance levels never equaled before;
- **In the performance of its industrial organization**, where the LEAP and COS programs make it possible to develop efficiency and responsiveness, results are measured across the entire company;



- **In productivity and working conditions**, robotization and digitalization of activities accelerate the elimination of tasks with low added value or difficult to perform and empower the production lines more and more;
- **In management**, the 6-level organizational model promotes decision-making as close to the field as possible.

At the heart of the CSR strategy

Aware of the need to integrate the social and environmental impacts of its activities into the overall measurement of its performance, the Group has undertaken to widen the scope of the LISI SYSTEM to include themes related to corporate social responsibility (CSR). By strengthening its approach to excellence entirely dedicated to these subjects, the Group intends to satisfy all of its partners, customers, employees, suppliers and shareholders and to ensure the sustainability of the company (see p. 28).



LISI E-HSE

A common risk management culture

E-HSE 2019 report

18 E-HSE audits
41% of sites

14 Bronze plants
39% of sites

9,0 TFI(*)

(*) frequency rate of accidents with and without work stoppage of LISI employees and temporary workers per million hours worked

Since 2014, the LISI Group has relied on an internal program entirely dedicated to health, safety and working environment issues. Called LISI Excellence HSE (LISI E-HSE), its objective is to engage each employee around the same ambition: strive for excellence in all areas of the company's health, safety and environment strategy.

Designed to foster the emergence of a common culture of personal and collective risk management, the LISI E-HSE program is based on compliance with fundamentals, such as meeting compliance obligations or implementing continuous performance improvement on these key issues.

Achieving HSE objectives

In order to achieve the objectives that the Group has set in terms of health and safety, this HSE management system relies on several essential tools.

LISI RM, first of all, which is a software tool for identifying, assessing and controlling HSE risks. The **Golden Rules**, which group together the HSE rules common to all LISI sites. The **Safety Culture Program**, which is a training program designed to accelerate the development of a safety culture common to all of the Group's employees.

Other operational tools complete this system and respond to specific problems according to the 15 areas of excellence defined in the LISI E-HSE program.

41% of sites audited in 2019

LISI E-HSE integrates an internal audit module which makes it possible to assess the level of deployment of the program across the various Group sites. This assessment, conducted by internal auditors, has 4 levels of maturity with increasingly high standards of requirement. The Standard level corresponds to compliance with ISO 14001 and OHSAS 18001 standards. The Bronze, Silver and Gold levels correspond to increasing levels of maturity in terms of the deployment of the HSE culture on the site.

LISI E-HSE: two new tools

Two new methods for improving security issues were rolled out at sites in 2019:

- **Causes analysis:** each accident with or without lost time is now analyzed according to the 8D^(*) methodology. The most serious accidents are subject to reinforced monitoring by the Group.

- **Manager training:** strengthen knowledge, responsibility for health, safety and the environment, and improve detection of dangerous situations. This training was deployed on the most accident-prone sites.

(*) 8-step problem-solving method including gathering the facts, analyzing the root causes and defining corrective actions.



LEAP PROGRAM

Industrial excellence

The LEAP program continues to be deployed within the framework of the LISI SYSTEM. This industrial performance program emphasizes advanced operational improvement tools (6-Sigma, just-in-time, Kaizen event and TPM). These proven methods improve productivity and increase quality. Integration of the objectives of the Group's new CSR approach (see p. 30) also made it possible to position the A3 tool at the forefront of the program's deployment. Societal challenges have thus taken their place at the heart of this strategy management tool.



LEAP ASSESSMENT 2019

10 *Gold* plants
11 *Silver* plants
12 *Bronze* plants

Training and stock optimization

Training and support plans for site leaders were at the heart of the LEAP 2019 strategy. They will continue in 2020 to guarantee the Group's performance ambitions over the long term. In addition, the efforts put forth to control flows have already greatly contributed to optimizing stocks. They represented 76 days of sales in 2019, a level never reached by the Group.

A new reference system

The 3 most advanced plants in the deployment of the LEAP program (Saint-Ouen-l'Aumône, Grandvillars and Čejč, in the Czech Republic) tested a new benchmark this year. It is more rigorous and reflects the strengthening of the Group's standards regarding those issues and offers a new margin of progression for the sites.

COS PROGRAM

Raising economic awareness

The Controlling Operating System program, with the support of the financial departments of each division, is continuing to roll out. Its goal: spread economic awareness to all levels of the organization. The year 2019 thus saw the launch of several improvement and training projects. They have increased the Group's agility and ability to anticipate and respond more effectively to the needs of plants in a complex environment.

COS ASSESSMENT 2019

3 *Silver* plants

26 *Bronze* plants

95% of the plants

integrated into the program,
in accordance with the deployment plan

Training for all

Launched in 2019, the COS Basics course is gradually training all employees in financial concepts in an interactive format. These training courses help to create synergies between the LEAP and COS programs, in particular by promoting the financial impact of continuous improvement across the entire company. The first sessions of COS Intermediate training, integrated in 2019 into the LKI university program (see p. 58), fostered the financial skills of operational managers and members of the Management Committees.

COS, first levels *Silver*

The award of the first Silver levels rewards the work carried out by each of the 3 plants – Čejč in Czech Republic, Izmir in Turkey and Rugby in the United-Kingdom – rewarded in 2019. Thanks to their commitment, the teams of these sites have reached the necessary maturity in the management processes, allowing them to actually raise economic awareness across all levels of their organization.



Human resources

... Allow everyone
to work under the best
conditions ...



“What customers like about us: our transparency, our professionalism, our ability to challenge ourselves to keep moving forward.”

Paul HOURQUEIG

Industrialization Project Manager
LISI AEROSPACE
Aygumorte-les-Graves, France



“Manufacturing our products requires manual dexterity and technical expertise. User safety depends on it.”

Alžběta SOCHOROVÁ

Operator – LISI AUTOMOTIVE
Čejč, Czech Republic



“Our priority: for customers to confirm that our products are superior to those of our competitors.”

Jeffrey TAFT

Production Unit Manager
LISI MEDICAL
Coon Rapids, USA

In order to preserve its industrial know-how, but also to increase its attractiveness, especially among young people, LISI has worked in depth on the levers that feed its employer brand.

RECRUITMENT

Attracting the best talents



To maintain the Group's attractiveness in a job market that has become very competitive, in 2019 the LISI HR teams launched a debate about the levers that promote the employer brand. A website dedicated to the careers offered in the Group now offers a unique "employment and HR" entry, common to the 3 divisions. Applicants can thus discover the Group, its sites, its values, its business lines and the opportunities it offers through videos and documents directly accessible online.

► A central recruitment unit

LISI AEROSPACE has also set up a central recruitment unit for executive positions, while relying on the HR teams at each site for all other local recruitments. Specific actions were carried out in 2019 in order to better communicate on open positions, such as an internal MOBIL'EASY newsletter which is given out every month.

► Doing things one's way

A co-optation program, already deployed within LISI AEROSPACE, allows employees to be active in the recruitment process by recommending people around them. Social media improve visibility on open positions in the Group. Finally, to encourage internal mobility – one of the strong points of its attractiveness – LISI offers each employee the opportunity to become involved in their own professional career thanks to the "job exchange" accessible on the Group's intranet.



Social media, the best source of recruitment in the United States //

Jackie Garcia, HR Manager North America LISI AEROSPACE.

// Out of 17 recruitments at LISI AEROSPACE in Torrance, 14 were filled through social media. These were positions of production supervisors, accountants and even directors. Seven people were recruited in the same way within the holding company, including the VP Sales. This allows us to significantly reduce the recruitment time: a few days are enough to find quality candidates... //



PATH & TRAINING

Developing know-how

2019 KEY FIGURES

984 permanent
contracts
were offered in the Group

€6M
invested in training worldwide

180,000
hours of training provided

104
LKI training sessions

The business lines and activities of the LISI Group are ever-changing and must enable the company to respond to the needs of its customers and to market developments. To anticipate and support these developments, the Group has implemented a structured training policy in order to develop the employability of employees. It is based on 3 pillars:

► LKI University

A central element for skills development, the LISI Knowledge Institute develops tailor-made training programs in the technical, management and personal development fields. In 2019, more than 5,000 hours of training were given to support the skills enhancement of managers. A strong symbol: in 2020 LKI will settle in 600 m² of renovated offices in the Forges de Grandvillars area, the Group's cradle.



► The Expert Network

In 2019, LISI developed an expertise program in order to match the “business line” needs identified to support the strategic plan and the existing technical skills within the Group. This program makes it possible to retain and develop “core business” experts.

► Professional paths

LISI is committed to ensuring that each employee has access, throughout their career, to the training actions necessary to build their career path and adapt their skills. Each division implements its own courses – some of which are certified by qualification certificates – according to its needs. Nearly 180,000 hours of training were provided in 2019.

LISI AEROSPACE among the best employers

Ranked by the media **CAPITAL** one of the 500 best employers in France, LISI AEROSPACE won two places and joined the top 15 in the Aeronautics, Rail, Naval category. With recognized technological expertise, a strong international presence and a long tradition of innovation, the division has assets to promote its teams and attract new talent. It offers a motivating work environment, encourages initiative, empowerment and the sharing of expertise and offers many career prospects.

Activities



... Grow
sustainably
to develop each
of the Group's
activities ...





Activities

LISI AEROSPACE

is a leading player in the aerospace industry. This division of the LISI Group designs and produces very high performance assembly systems for aircraft worldwide. Its teams assist major international aircraft manufacturers in the development of major innovation programs.

€996.6 M

2019 SALES

+6.7%

GROWTH VS 2018

58%

OF GROUP SALES

6,590

EMPLOYEES WORLDWIDE



JEAN-LOUIS COLDERS
CEO, LISI AEROSPACE



Questions to **Jean-Louis COLDERS**

Chief Executive Officer, LISI AEROSPACE

The division has shown agility and resilience.
The pursuit of progress plans and the maintenance
of volumes made it possible to defend
the operating margin. //

What should 2019 be remembered for?

The year 2019 was marked by many geopolitical and social tensions. In the aerospace sector, the difficulties experienced by Boeing's B737 MAX program and the coronavirus in China are the main source of uncertainty. LISI AEROSPACE, however, ended the year with sales of €996.6 million, up 6.7% versus 2018. The first effects of the lower production paces of the B737 MAX were noticeable only during Q4 and were offset by the good dynamics of the other programs.

How did the division behave?

The division again showed agility and resilience this year. Agility, because it was necessary to adjust production where demand was lower, while concentrating exceptional resources where the load remained very high. The teams remained very close to the customers and were able to respond quickly to their requests. Resilience, finally, to maintain the groundwork despite the uncertainties: robotization and digitalization plans, development of new products, refocusing, reorganization and training, etc. These progress plans and the maintenance of volumes have made it possible to defend the operating margin.

Several highlights punctuated the year. The sale of our sheet metal work and aerostructure assembly activities (see also page 16) has made it possible to simplify the organization of LISI AEROSPACE into 3 independent Business Groups on the industrial and commercial front. The signing of the One Fast contract with Airbus, which consolidates our market share with the European aircraft manufacturer, and the agreement with MTU Aero Engines for the delivery of one million compressor blades fully produced in France, were very unifying moments internally.

What prospects for 2020?

Visibility in the commercial aircraft segment is subject to some uncertainty. But aircraft manufacturers remain confident in the prospects for long-term market developments. The division has taken the necessary measures to cushion the effects of the downturn linked to the B737 MAX and to continue its policy of gaining market share and expanding the range of fasteners in the United States. We remain resolutely convinced of our strengths to ensure the execution of our strategy and take advantage of the recovery, the horizon of which will probably become clearer in the coming months.

LISI AEROSPACE

Highlights

PERFORMANCE

Safran Aircraft Engines distinguishes LISI AEROSPACE

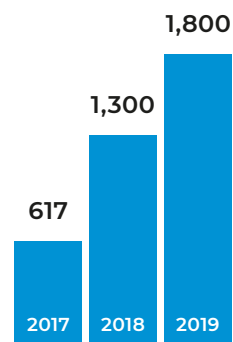
The LISI AEROSPACE sites in Dorval (Canada), Izmir (Turkey) and Saint-Brieuc (France) received the 2019 Supplier Performance trophy from Safran Aircraft Engines. This award recognizes the high level of performance achieved by the teams in these factories in terms of quality and logistics. The Safran group is today the second client of LISI AEROSPACE.



3D MANUFACTURING

38% growth for LAAM

LISI AEROSPACE Additive Manufacturing (LAAM) continues to explore the possibilities of metallic 3D printing. While refining its experience curve, LAAM complies with the levels of industrial requirements expected in aeronautics, defense and space, while integrating the fundamentals of the Group's operational excellence. LAAM's business volume, which had doubled in 2018 (the site had been selected by Airbus for the production of a first mass-produced part for the A350), increased by 38% in 2019. The objective is reaffirmed: become the European leader in the implementation and metallurgical expertise on metal additive manufacturing technology on a powder bed.



Evolution of sales in k€



Space



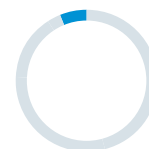
Airframe



Engine



Defence



Others

Breakdown of 2019 sales



DEVELOPMENT

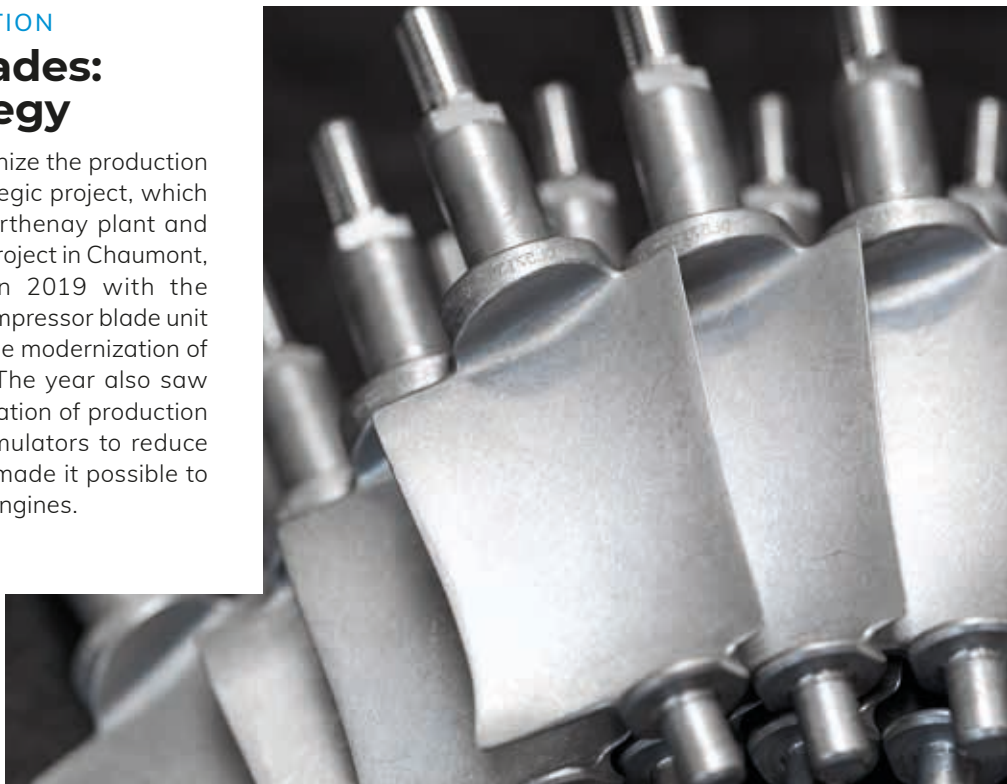
Fasteners: collaboration with Airbus renewed

After a consultation with the fasteners market, submitted by Airbus to its partners, LISI AEROSPACE renegotiated its largest customer contract and extended its historic collaboration with the aircraft manufacturer. This contract relates to the supply of fasteners - including several flagship products such as lightning protection parts or titanium nuts - for Airbus aircraft as well as to certain enabled partners, aerostructure subcontractors of Airbus. In a highly competitive market context, LISI AEROSPACE secures its market share at Airbus and confirms its leading position. The contract covers a period of five years. LISI AEROSPACE supplies fasteners to Airbus from nine of its plants.

INDUSTRIAL ORGANIZATION

Compressor blades: a winning strategy

The division continued to reorganize the production of compressor blades. This strategic project, which includes the extension of the Parthenay plant and the first phase of the Forge 2022 project in Chaumont, experienced new key stages in 2019 with the inauguration in Parthenay of the compressor blade unit for Safran Helicopter Engines and the modernization of the Marmande blade department. The year also saw accelerated automation and digitalization of production as well as the implementation of simulators to reduce industrialization times. These efforts made it possible to win the supply contract for MTU Aero Engines.



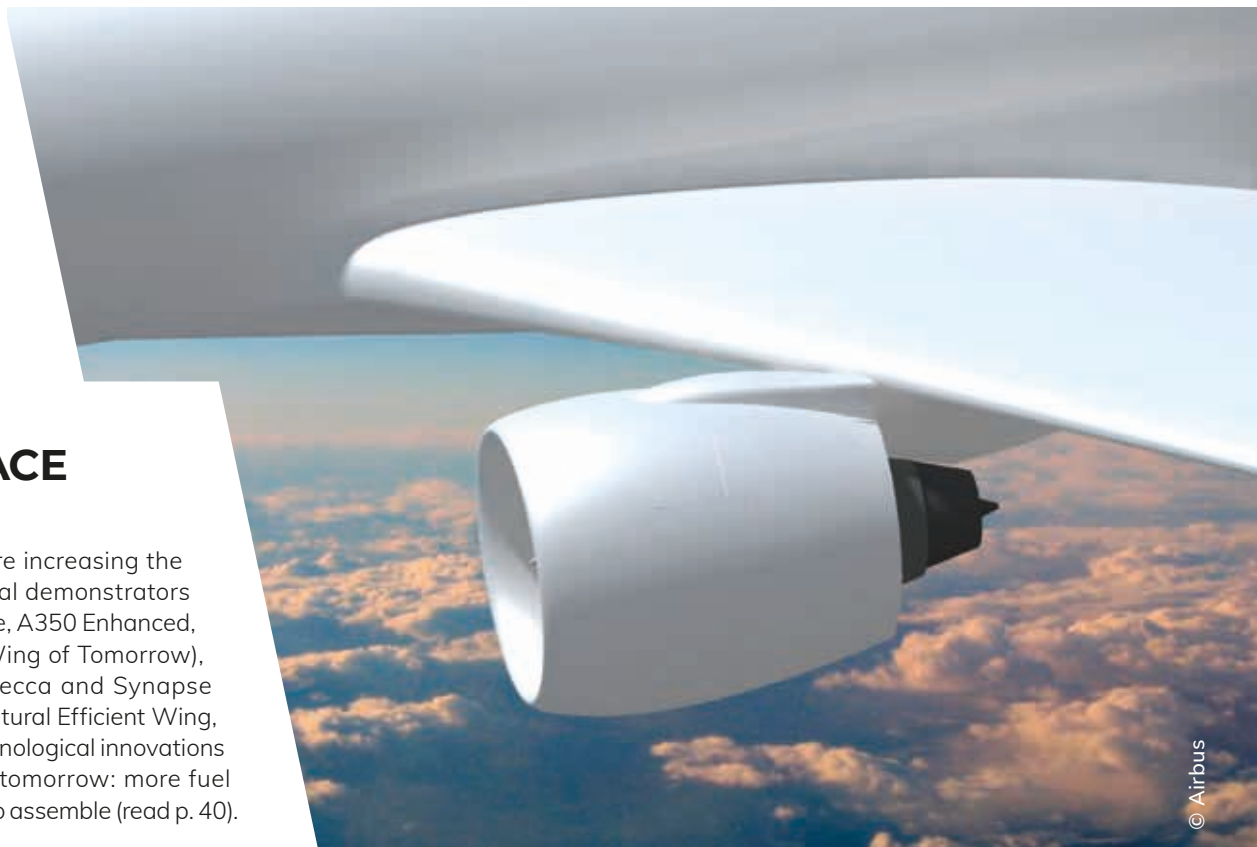
LISI AEROSPACE

Highlights

FUTURE(S)

Innovation: LISI AEROSPACE in the future

LISI AEROSPACE teams are increasing the deployment of technological demonstrators with Airbus (Ultrafan nacelle, A350 Enhanced, Propulsion of Tomorrow, Wing of Tomorrow), Safran (NMA engine, Rebecca and Synapse nacelles), and Boeing (Structural Efficient Wing, NMA Wingbox). These technological innovations foreshadow the planes of tomorrow: more fuel efficient, quieter and easier to assemble (read p. 40).



© Airbus



4.0 PLANT

A second “Showcase Industry of the Future” label

LISI AEROSPACE is accelerating its transition to the 4.0 plant with the labeling of a second “Showcase Industry of the Future” site in Villefranche-de-Rouergue. Digital simulation tools, a high level of robotization, production means that can be adapted in real time and smart buildings, enabled the site to obtain the label awarded by the French Industry of the Future Alliance (read p. 22).

GROWTH

Great results in the United States

In 2019, LISI AEROSPACE North America obtained results that far exceeded market growth forecasts. This performance reflects the efforts made to achieve operational excellence in service, deliveries and quality. They made it possible to gain numerous one-off orders linked to the strong increase in demand, by exploiting the available capacities thanks to the improvement of operational performances. Capacity agreements with local distributors also facilitated inventory management by providing visibility. For the third consecutive year, LISI AEROSPACE has been elected supplier of the year by Wesco Aircraft, which has made it a strategic partner. The year 2019 was finally marked by the qualification of a key product of the Lockheed Martin F35 program, which will generate significant volumes in the future.



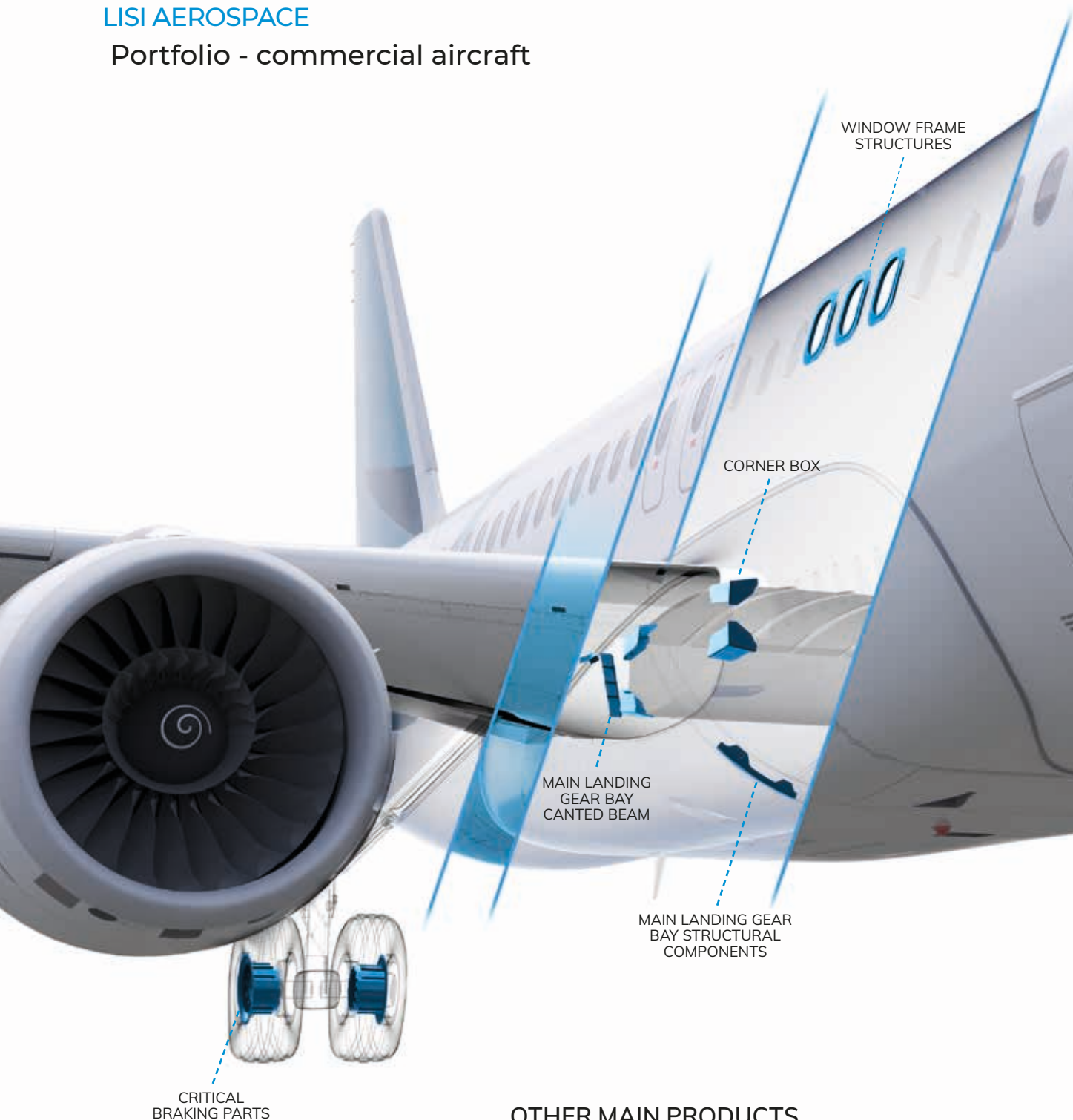
SUSTAINABILITY

Saint-Ouen-l'Aumône has an edge in CSR



A pilot site for the division's CSR initiatives, Saint-Ouen-l'Aumône strengthened its score on the ISO 26000 evaluation grid (82% vs 75% in 2018). In concrete terms, the site is further improving its environmental (-15% on gas, -11.5% on electricity, -34% on water, -37.5% of solvents consumed, etc.) and social performance with an 82% rate of positive results in the quality of work life survey.

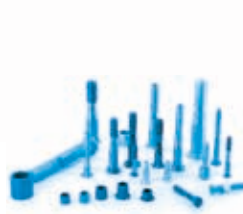




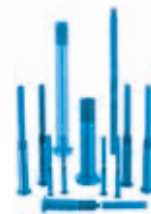
OTHER MAIN PRODUCTS



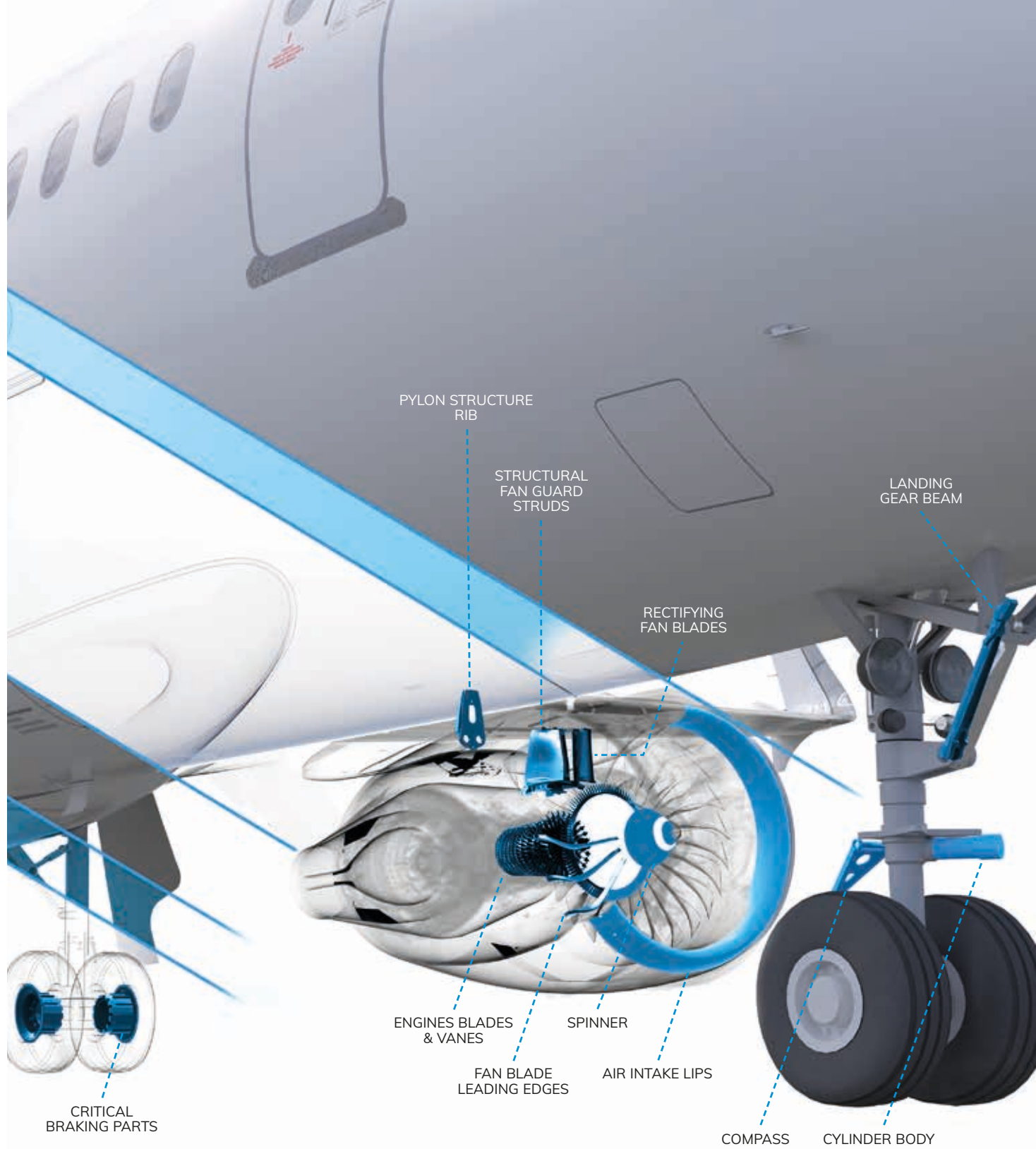
SAND-OFF
FASTENERS



HI-LITE™ FASTENERS,
LOCKBOLT



PULL-IN™/PULLSTEM™
FASTENERS



STL™
FASTENERS



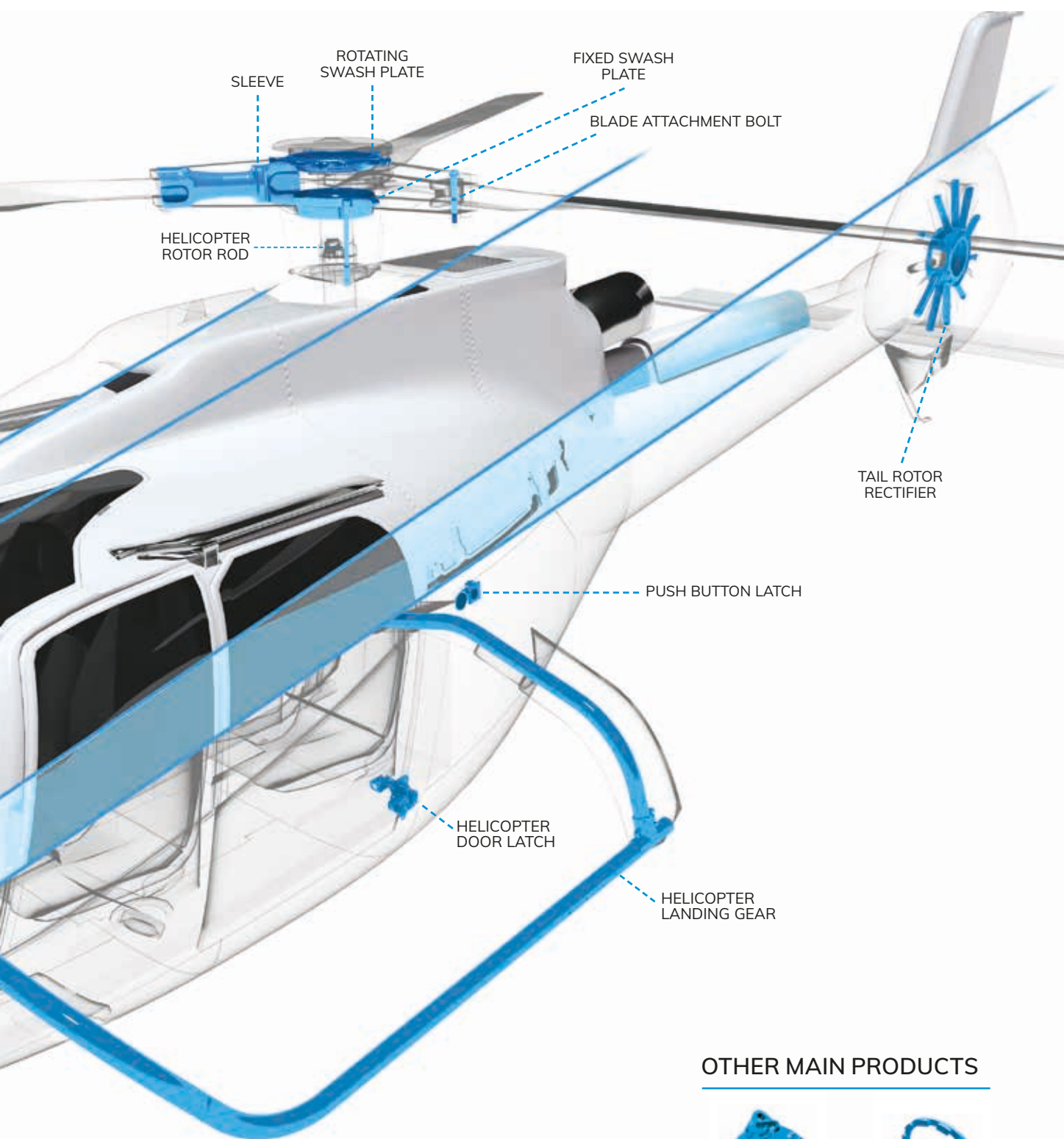
PRESSURE
LATCHES



ENGINE GEARBOX
SPROCKET



DOOR
STOPS



OTHER MAIN PRODUCTS



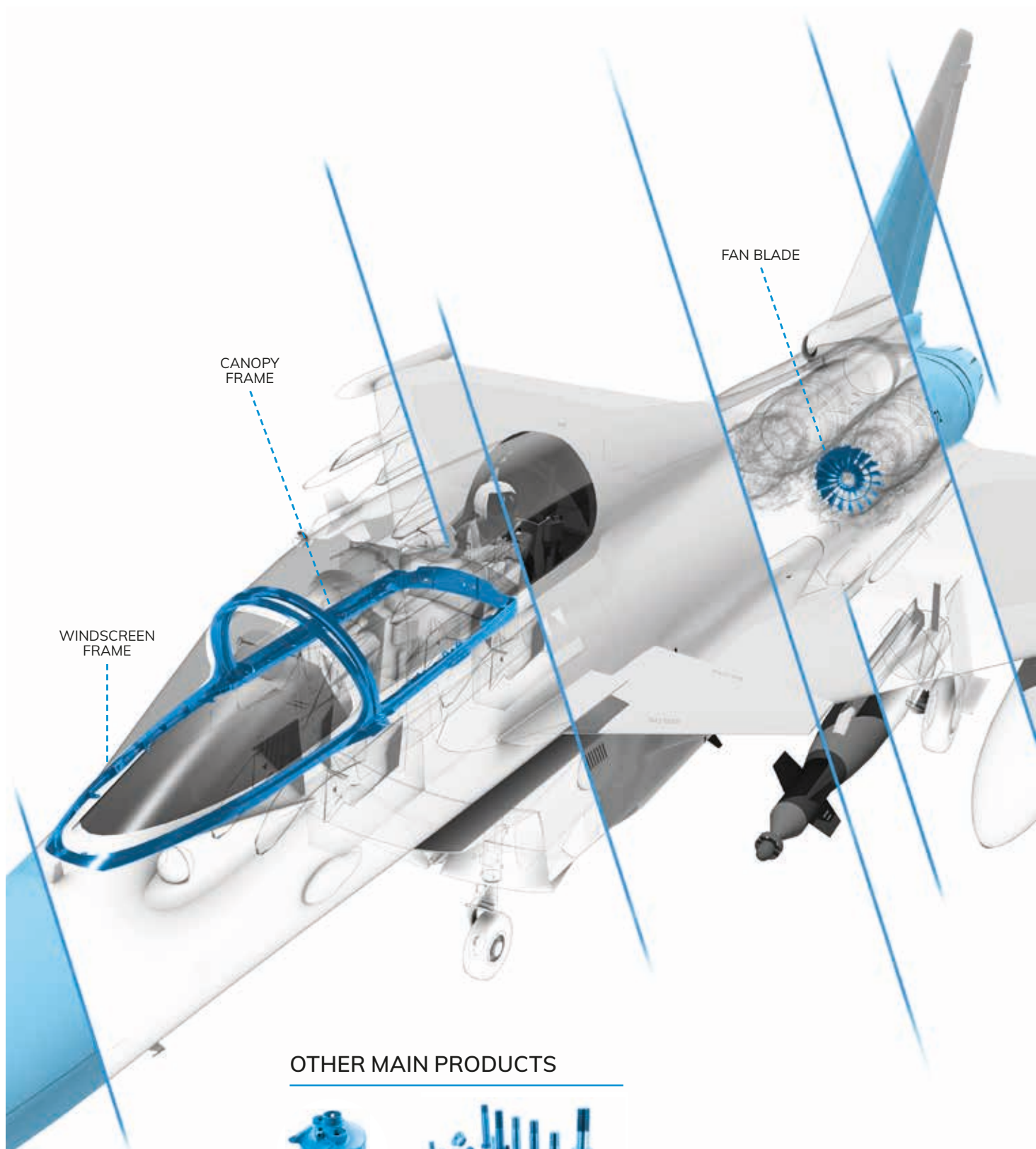
CARGO HOOK



SHAFT NUTS

LISI AEROSPACE

Portfolio - fighters



OTHER MAIN PRODUCTS



OIL TANK



THREADED
FASTENERS

Activities

LISI AUTOMOTIVE

designs and manufactures fastening systems and safety mechanical components. Through ongoing innovation, LISI AUTOMOTIVE contributes to the reliability and safety of vehicles developed by the world's leading car makers.

€587.9 M

2019 SALES

+1.2%

GROWTH VS 2018

34%

OF GROUP SALES

3,634

EMPLOYEES WORLDWIDE

FRANÇOIS LIOTARD
CEO, LISI AUTOMOTIVE





Questions to **François LIOTARD**

Chief Executive Officer, LISI AUTOMOTIVE

New product order intake is close to the record level of 2018. It now represents 14.6% of annualized sales, or around €85 million. //

What should 2019 be remembered for?

Despite the further decline in global automotive production, the LISI AUTOMOTIVE division's sales increased by 1.2% to reach a new record level at €587.9 million. Such growth results from the division's continued international development – acquisition in 2018 of Hi-Vol Products, in the United States, which is now consolidated – and the ramp-up of new products in the Clipped Solutions activities in Morocco and Mexico, and Safety Mechanical Components in Mexico and the Czech Republic. The cost adjustment measures initiated at the end of 2018 (stock price drop, CAPEX optimization) produced their effects throughout 2019 with an acceleration in the second half. Priority was given to preserving Free-Cash-Flow, which reached a record level of €20 million.

How did the division behave?

New product order intake is close to the record level of 2018. It represents 14.6% of annualized sales, or around €85 million. We also recorded the first significant synergies between the US company Termax, acquired in 2017, and the historic sites of the Clipped Solutions segment. They are measured as

much in terms of product and process development as in the acceleration of cross-selling, like the side airbag tensioner solutions on the European market. The division also finalized the sale to AFF St Flo of the LISI AUTOMOTIVE Former site in Saint-Florent-sur-Cher (see page 17). This transaction illustrates the desire to focus the division's activities on high value-added products.

What are the prospects and priorities for 2020?

We are anticipating a drop in the world market. We will continue to develop high value-added parts and we will promote commercial and technical synergies with the American subsidiaries Termax and Hi-Vol Products. The cost reduction plans already initiated and the deconsolidation of the chassis hardware and steering pivots activity of LISI AUTOMOTIVE Former should limit the decline in the division's profitability. The ramp-up of new products, the improvement of delivery times in certain areas (NAFTA in particular) and the innovation policy conducted on multi-material assemblies will consolidate activity in a complex environment.



TEAMWORK

Renovation of the Delle technical platform

The technical and commercial teams at the Delle headquarters (Territoire de Belfort) now have a fully renovated technical platform. Designed to encourage exchanges between teams, it includes a new room dedicated to collaborative innovation. These works, carried out with the assistance of the Community of Communes du Sud-Territoire, allow the employees to work together in optimal conditions in order to imagine the best solutions to accompany the transformation of the automobile industry.

HEAT TREATMENT

Extension and new line in Heidelberg

The German site in Heidelberg (Baden-Württemberg) operated this year the extension which allowed the installation of a new heat treatment furnace. More effective and energy efficient, it has the capacities which allow the internal treatment of parts requiring bainitic quenching. The extension of the building was finalized in October and the furnace started the qualification procedures as planned in December 2019.

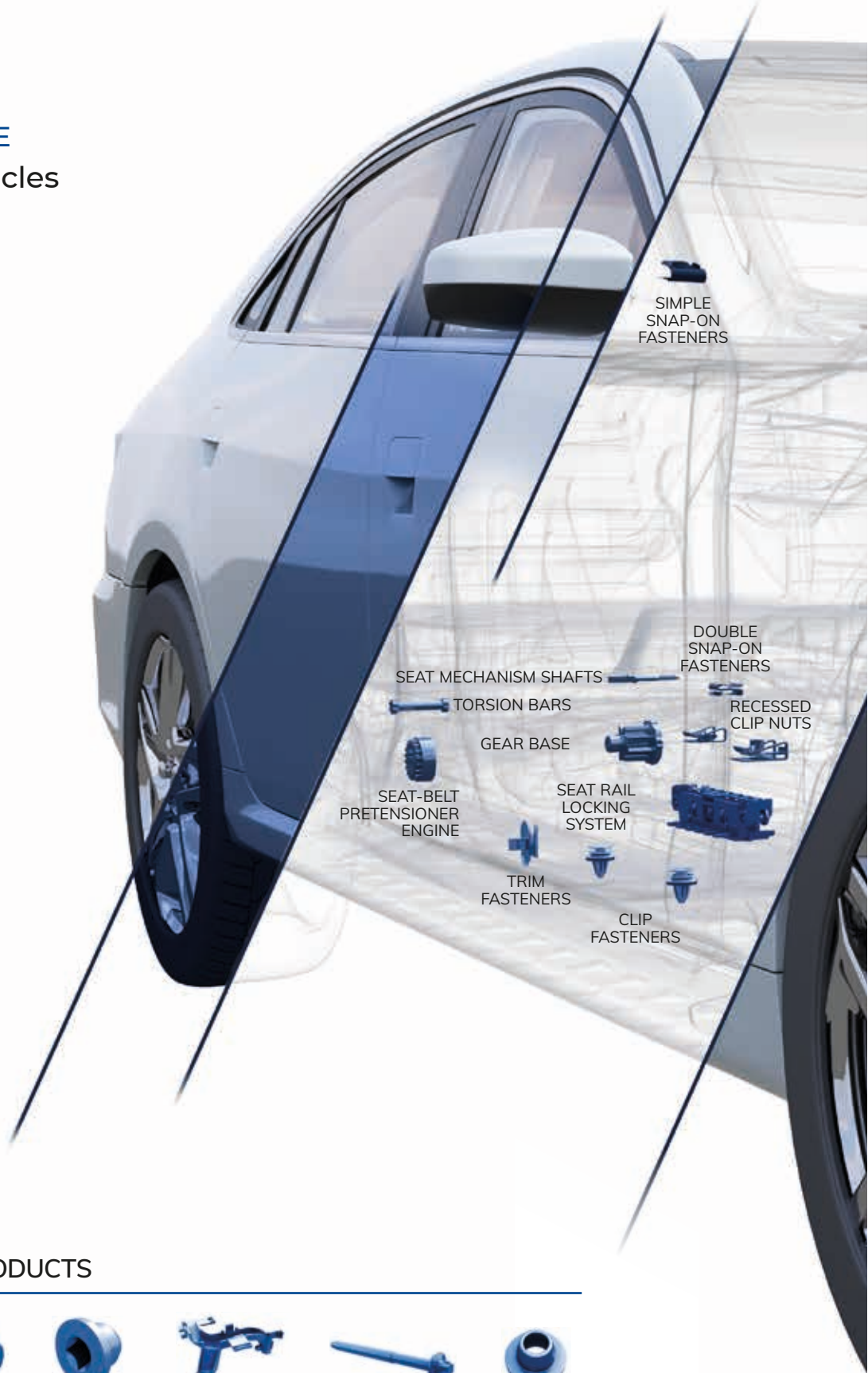


SAFETY MECHANICAL COMPONENTS

Extension of the Čejč plant

Specializing in safety mechanical components, the Čejč plant in the Czech Republic is recognized worldwide for the guide rods it produces and delivers worldwide to the division's tier-1 equipment supplier customers. This 3,000 m² extension carried out in 2019 represents an investment of more than €10 million. It will allow the site to increase its production capacity in cold stamping, in machining, with an automatic control 100% at high speed, and in logistics in order to meet growing customer demand. With 210 employees, the Čejč site is one of the main employers in the region.

LISI AUTOMOTIVE
Portfolio - vehicles



OTHER MAIN PRODUCTS



TWOLOK®
NUTS



CONROD
SCREW



DRAIN
PLUG



CABLE
RACEWAY



CYLINDER HEAD
BOLT



VALVE SPRING
RETAINER



ELECTRIC PARKING BRAKE
SCREW AND NUT SYSTEM



BRAKE TUBE FITTING



Activities

LISI MEDICAL

is a world-class player specializing in the production of surgical implants and robotic or minimally invasive surgical instruments. As a player in a profoundly changing industry, LISI MEDICAL is actively involved in the advancement of medicine.

€146.2^M

2019 SALES

+11,9%

GROWTH VS 2018

8%

OF GROUP SALES

919

EMPLOYEES WORLDWIDE

JEAN-MARC DURANO
CEO, LISI MEDICAL





Questions to **Jean-Marc DURANO**

Chief Executive Officer, LISI MEDICAL

LISI MEDICAL has now become a major strategic supplier in a highly concentrated market. //

What were the highlights of 2019?

LISI MEDICAL experienced a strong rebound in its activity, with sales growth higher than that of the market as it reached 11.9% this year on a like-for-like and constant exchange rate basis. This dynamism stems primarily from the capital expenditures which have enabled us to meet and serve the needs of our customers

It is also explained by the market share taken by LISI MEDICAL on the sectors where we are strategically positioned. First of all, the minimally invasive surgery market, where we have launched many products has contributed 70% to growth in this segment, and also in reconstructive orthopedics, where the division has become a major strategic player. LISI MEDICAL holds a key position in this highly concentrated segment and where the OEMs seek subcontractors capable of supplying large quantities of products, at the best cost, with a very high level of quality.

How did the division behave?

To meet these requirements, we have initiated a number of technical development and productivity plans

which were continued in 2019. We have accelerated on robotization and we have strengthened our historical know-how in forging. This technology is difficult to master and makes us stand out from our competitors in the joint reconstruction markets such as hip, shoulder and knee prostheses.

What will your strategy be in 2020?

The strategy which guides our action today primarily relies on the search for operational excellence. It allows us to build a relationship of trust with our customers by serving them perfectly, both in the innovation and ramp-up phases. We also would like to consolidate and develop our historic relationship with our major global customers. Additionally, we will take advantage of the resilience of the minimally invasive surgery market, relying on the technical excellence of our Minneapolis site. Finally, we will rely on our new organization called One LISI MEDICAL: a specialized and connected industrial network served by a unique commercial structure in order to best serve our global customers.

LISI MEDICAL

Highlights



PERFORMANCE

The Minneapolis site supported by the U.S. Markets

The Big Lake site in the Minneapolis region, had a very good 2019 year thanks to the strong growth of the minimally invasive surgery market, especially in the U.S. The development and industrialization of many new products have made it possible to increase volumes and gain in performance, both in terms of improving the service rate and productivity.

KEY ACCOUNTS

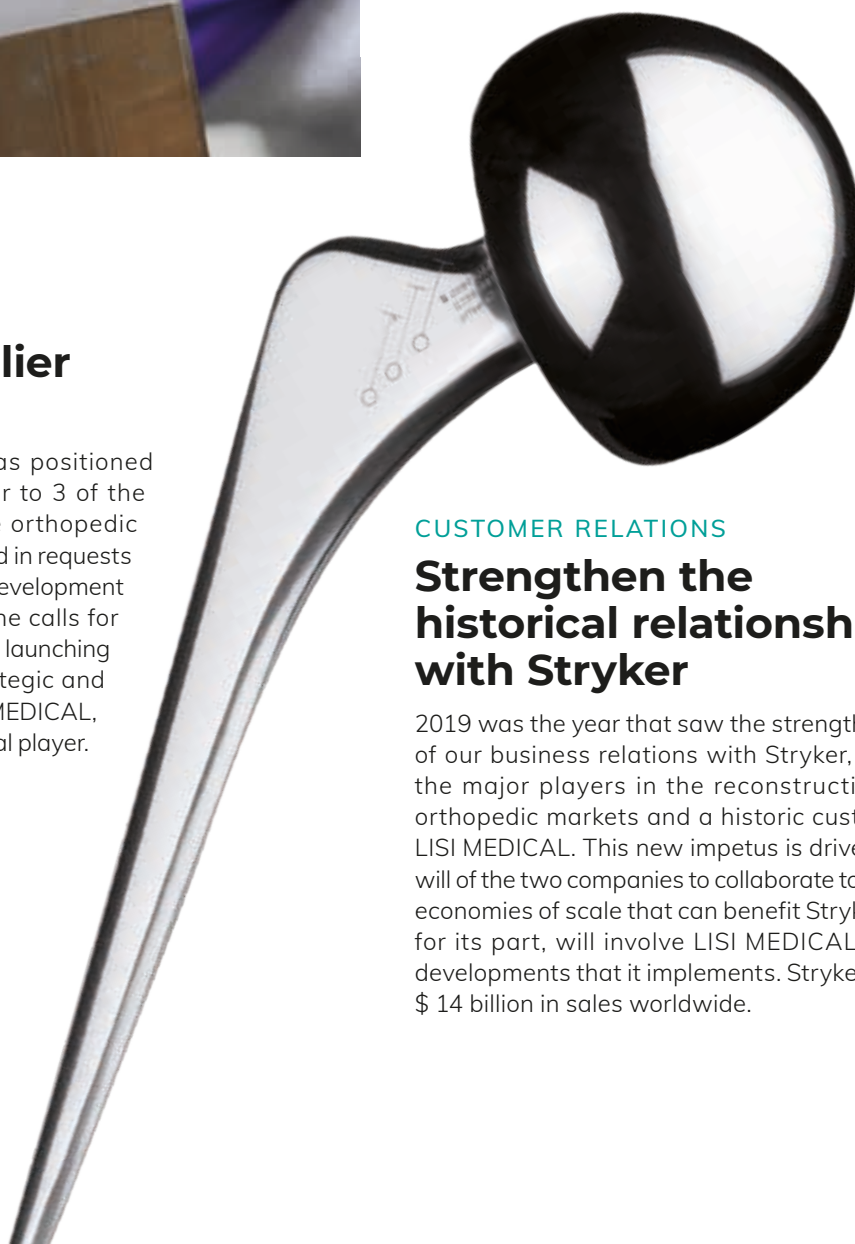
LISI MEDICAL, a strategic supplier in orthopedics

The LISI MEDICAL division was positioned in 2019 as a strategic supplier to 3 of the 4 largest global players in the orthopedic markets. This ramp-up is reflected in requests from these key accounts for the development of new products, but also for the calls for tenders that these companies are launching worldwide. This is a major strategic and commercial opportunity for LISI MEDICAL, which is now perceived as a global player.

CUSTOMER RELATIONS

Strengthen the historical relationship with Stryker

2019 was the year that saw the strengthening of our business relations with Stryker, one of the major players in the reconstruction and orthopedic markets and a historic customer of LISI MEDICAL. This new impetus is driven by the will of the two companies to collaborate to generate economies of scale that can benefit Stryker, which, for its part, will involve LISI MEDICAL on all the developments that it implements. Stryker generates \$ 14 billion in sales worldwide.



LISI MEDICAL
Applications







2019 Shareholder's guide

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History

1777

Frédéric Japy sets up a watch movement factory in Beaucourt, near Montbéliard.

1796

Foundation in Morvillars in the Belfort region of the MIGEON & DOMINÉ factory that was to become VIELLARD MIGEON & Cie. Initially specializing in the production of wire, the company quickly diversified into processing.

1977

GFD acquires BLANC AERO, which specializes in aerospace fasteners and in packaging components for the perfumery sector. This new group is named GFI.

This operation is made possible thanks to the entry of the PEUGEOT family into the capital of CID (Compagnie Industrielle de Delle). Over 40 years later, these three families (KOHLER, PEUGEOT and VIELLARD) are still the Group's key shareholders.

1989

GFI is floated on the Paris Stock Exchange's over-the-counter market and becomes GFI Industries.

1990/2000

During the 90's, GFI Industries strengthens in its different sectors through the acquisition of more than fifteen companies in Europe and the United States, while the group withdraws from GFD (standard).

2011

The Group continues the movement to strengthen and build its position in strategic markets started in 2010. The year 2011 was marked by the following transactions:

- the disposal of LISI COSMETICS,
- the acquisition of the Creuzet group by LISI AEROSPACE.

2014

Mainly specializing in the forging of metal parts for aerospace applications, the Manoir Aerospace group was consolidated into LISI AEROSPACE with the aim of strengthening the Structural Components arm with the integration of complementary technologies.

2016

The LISI Group acquires 100% of the shares of Remmele Medical Operations (USA), which specializes in the manufacture of implants and minimally invasive surgery instruments.

2019

LISI AEROSPACE sells two subsidiaries:

- INDRAERO SIREN in Argenton-sur-Creuse and Déols (France),
- LISI AEROSPACE Creuzet Maroc in Casablanca (Morocco),

whose principal activities are sheet metal and the assembly of aerostructures (turnover of €61 million)

1806

JAPY Frères and VIELLARD MIGEON & Cie. decide to join forces to launch the first industrial manufacture of forged wood screws in France.

1897 / 99

A bolt manufacturing business is set up at Champagny by the BOHLY family; the Société Industrielle de Delle is founded by the DUBAIL-KOHLER family in the town of Delle, Belfort. The company quickly begins to specialize in the manufacture of machine-turned screws.

1968

The family-run businesses (BOHLY, DUBAIL-KOHLER and VIELLARD) merge to found a company called GFD, thus becoming France's foremost manufacturer of standard and automotive nuts and bolts.

2002

To reflect its business lines more closely, GFI Industries becomes LISI, an acronym of Link Solutions for Industry. Its three divisions all take the same name, adding to it their main core business: LISI AEROSPACE, LISI AUTOMOTIVE and LISI COSMETICS.

2010

The Group returned to external growth with two major acquisitions:

- Acquisition by LISI AUTOMOTIVE of two French sites from the American Group, Acument Global Technologies, specializing in the manufacture of fasteners for the automotive industry.
- LISI MEDICAL purchases a hip implant production site from the US group STRYKER Corporation, one of the world's leading medical technology suppliers, boosting its initial acquisitions of 2007.

2017

On October 31, 2017, the LISI Group buys 51% of the shares of TERMAX (Automotive USA) and undertakes to buy back the 49% of the remaining shares by March 31, 2021.

2018

LISI AUTOMOTIVE confirms in November 2018 the acquisition of the American company Hi-Vol Products, thus aiming to strengthen its global position in the production of mechanical safety components with a strong technical base in North America.

in 2018, 705 employees). Through this transaction, LISI AEROSPACE is pursuing two objectives: refocusing its activities on selected technologies in high added value primary components, and more closely targeting its CAPEX.

LISI AUTOMOTIVE sells the screws, chassis studs and joints business belonging to its subsidiary

LISI AUTOMOTIVE Former in Saint-Florent-sur-Cher (turnover of €36.1 million in 2018). This disposal, following the recent acquisitions of the American companies Termax and Hi-Vol Products, enables the LISI AUTOMOTIVE division to continue to refocus its activities high added value components.

Governance

The LISI Group is organized in such a way as to create favorable conditions for its development in compliance with rules of good governance. It is articulated around two complementary decision-making bodies. The Board of Directors, composed of 14 members, including 4 independent directors, brings together leading managerial, industrial and financial skills. It deliberates on all matters relating to the smooth running of the company. The Leadership Board, composed of 18 members representing each of the Group's divisions, defines and implements the Group's operational strategy.

Board of Directors

Gilles KOHLER

Chairman

Emmanuel VIELLARD

Chief Executive Officer and Director

Isabelle CARRÈRE

Director

Patrick DAHER

Independent Director

Emmanuelle GAUTIER

Independent Director

Capucine KOHLER

Director

Jean-Philippe KOHLER

Permanent Representative of CIKO
to the LISI Board of Directors

Pascal LEBARD

Director

Lise NOBRE

Vice-Chairwoman
Independent Director

Christian PEUGEOT

Director

Thierry PEUGEOT

Permanent Representative
of Compagnie Industrielle de Delle
to the LISI Board of Directors

Marie-Hélène PEUGEOT-RONCORONI

Director

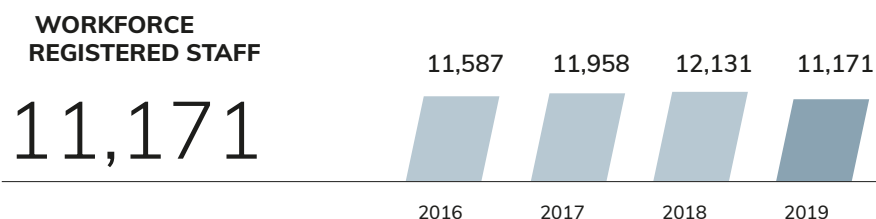
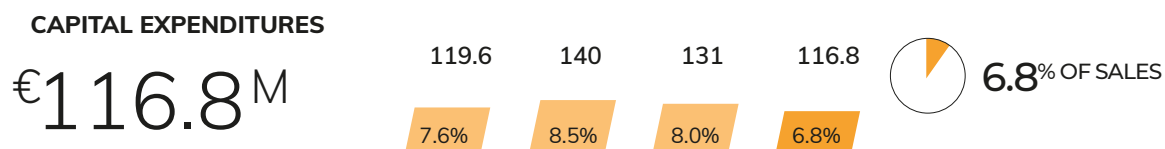
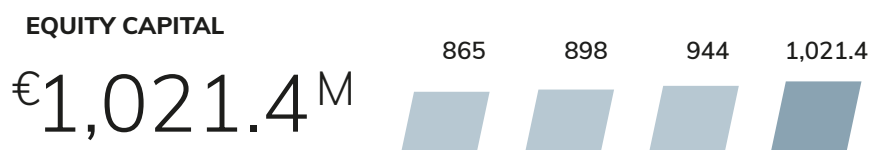
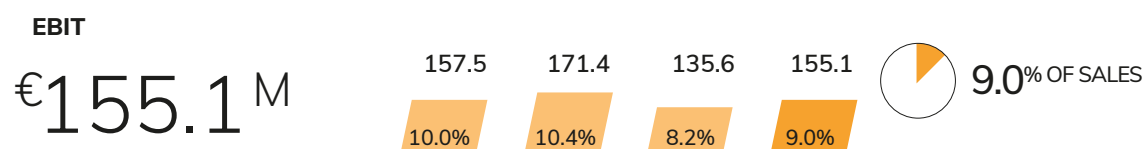
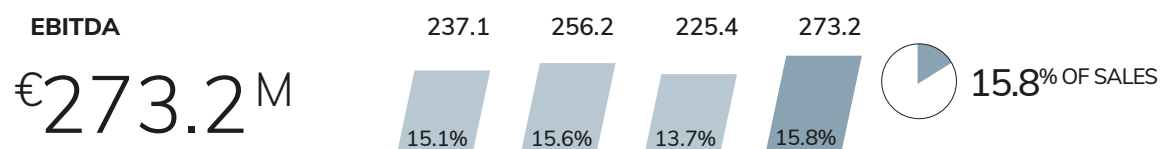
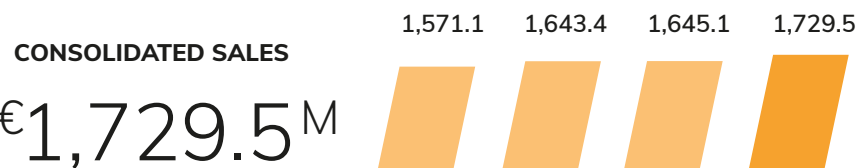
Véronique SAUBOT

Independent Director

Cyrille VIELLARD

Permanent Representative of VMC
to the LISI Board of Directors

Group key figures



Key figures

A close-up photograph of a metallic aerospace component, possibly a wing or fuselage section, with several small circular holes. The image is overlaid with a blue gradient.

LISI AEROSPACE

€996.6 M

SALES REVENUE

+6.7%

GROWTH VS 2018

58%

GROUP SALES

A close-up photograph of a metallic automotive component, possibly a fuel injector or a valve, with a threaded end. The image is overlaid with a dark blue gradient.

LISI AUTOMOTIVE

€587.9 M

SALES REVENUE

+1.2%

GROWTH VS 2018

34%

GROUP SALES

A close-up photograph of a metallic medical component, possibly a catheter or a probe, with a threaded end. The image is overlaid with a teal gradient.

LISI MEDICAL

€146.2 M

SALES REVENUE

+11.9%

GROWTH VS 2018

8%

GROUP SALES

€123.6 M

CURRENT OPERATING
PROFIT

6,590

EMPLOYEES

19

SITES AROUND
THE WORLD

10 SITES IN FRANCE

Ayguemorte-les-Graves
Bar-sur-Aube
Bologne
Marmande
Parthenay
Saint-Brieuc
Saint-Maur
Saint-Ouen-l'Aumône
Vignoux-sur-Barangeon
Villefranche-de-
Rouergue

9 SITES OUT OF FRANCE

Bangalore* (India)
Chihuahua* (Mexico)
City of Industry (USA)
Dorval (Canada)
Izmir (Turkey)
Rugby (United-Kingdom)
Rzeszów (Poland)
Tanger (Morocco)
Torrance (USA)

* Secondary sites

€21.9 M

CURRENT OPERATING
PROFIT

3,634

EMPLOYEES

21

SITES AROUND
THE WORLD

8 SITES IN FRANCE

Dasle
Delle
Dreux
La Ferté-Fresnel
Melisey
Puisseux

Support activities:

Grandvillars
Lure

13 SITES OUT OF FRANCE

Čejč (Czech Republic)
Fuenlabrada (Spain)
Heidelberg (Germany)
Kierspe (Germany)
Lake Zurich (USA)
Livonia (USA)
Mellrichstadt (Germany)
Monterrey (Mexico)
Zhuozhou (China)
Querétaro (Mexico)
Shanghai (China)
Suzhou (China)
Vöhrenbach (Germany)

5

SITES AROUND
THE WORLD

2 SITES IN FRANCE

Hérouville-Saint-Clair
Neyron

3 SITES OUT OF FRANCE

Big Lake (USA)
Coon Rapids (USA)
Escondido (USA)

€7.2 M

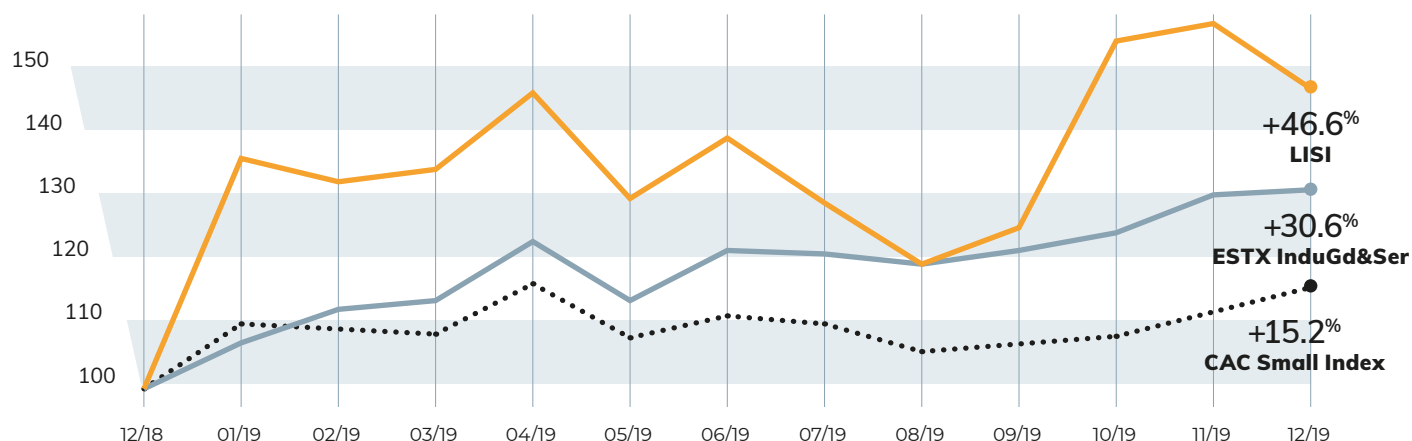
CURRENT OPERATING
PROFIT

919

EMPLOYEES

Stock market data

LISI's progress over 2019



€30.05 +46.6%
per share as at 12/31/2019 stock price in 2019

The LISI share has made good progress (+46.6%) in fiscal year 2019, starting at the beginning of the year. Outperforming the benchmark CAC Small Index (+15.2%) and ESTX InduGd&Ser (+30.6%). The highest was reached in November 2019 at €33.85 and ended on 31 December at €30.05. The catch-up comes after the correction in 2018 and comes in a context of better recognition of average industrial stocks. Nevertheless, the recovery has been more marked for LISI than its peers.

The average daily volume has progressed well to 36,400 shares traded per day, with a good progression over the end of the year.

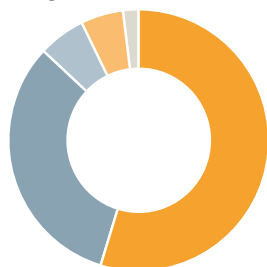
Coverage of the stock

The stock is followed by 7 stockbrokers who regularly issue research notes accompanied by opinions and objectives corresponding to the assessment by 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 for the cities of Geneva, London, New York, Nice and Paris. In total, the management of LISI met with more than 250 investors during the 2019 financial year.

The communication policy is based on complete and transparent communication, a presentation of the results along with the semi-annual and annual publications and on the assessment of the forecasts by the panel of analysts based on their macro-economic assumptions.

Capital breakdown



- 54.8% CID*
- 1.9% Treasury shares**
- 5.1% FFP Invest
- 5.8% VMC
- 32.4% Free float (including 1.4% in employee savings plans)

* Including direct and indirect holdings
 VMC: 21.16%
 FFP Invest: 19.02%
 CIKO: 16.73%

** Reserved for performance share plans

Stock Identification Sheet

ISIN Code: FR 0000050353

Reuters code: GFIL.PA

Bloomberg code: FII.FP

Compartment: A Eurolist

Stock marketplace: Euronext Paris

Number of shares: 54,114,317

Market capitalization as at December 31, 2019: €1,626 million

Indices:

CAC® AERO&DEF,

CAC®-All Shares,

CAC® Industrials.

2020 Events

The General Meeting of Shareholders will be held on April 24, 2020 on company premises: Immeuble Central Seine – 46-50 Quai de la Rapée, 75012 PARIS.

Dividend payments will be made on May 5, 2020.

Sales revenue for the second quarter of 2020, as well as half-yearly accounts will be available on line via the company website (www.lisi-group.com), on July 23, 2020.

Financial information for the third quarter of 2020 will be available online via the Group website on October 21, 2020 after close of market.

Securities accessible to individual shareholders

In 2019, the Group continued to develop communication with individual shareholders, including the organization of shareholder meetings in Toulouse in partnership with F2IC and CLIFF, as well as the company's participation in the Actionaria tradeshow in Paris.

The Group's objective for 2020 is to continue to develop communication with individual shareholders in a similar way.

This shareholder communication policy which also includes specific quarterly letters, a document called "Investing in LISI" and an animated film, has made it possible to bring their number to more than 3,600 at the last TPI analysis performed for the company in May 2017.

List of brokers

CM-CIC Securities

Agnès BLAZY

GILBERT DUPONT

GROUPE SOCIÉTÉ GÉNÉRALE
 Léa SAENZ DE CABEZON

EXANE BNP PARIBAS

Laurent GELEBART

ID MIDCAPS

Denis SCHERRER

Kepler Cheuvreux

Christophe MENARD

ODDO BHF

Jean-François GRANJON

Portzamparc
 GROUPE BNP PARIBAS

Jérémy SALLEE

Contacts

For information or documentation

LISI S.A. Financial Department

• Phone: +33 (0)3 84 57 00 77

• E-mail: emmanuel.viellard@lisi-group.com

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

• Mr Emmanuel Viellard - CEO.

Financial statements

Income statement

(in thousands of euros)	12/31/2019	12/31/2018
PRE-TAX SALES	1,729,527	1,645,095
Changes in stock, finished products and production in progress	(3,513)	9,251
Total production	1,726,014	1,654,346
Other revenues*	28,508	39,641
TOTAL OPERATING REVENUES	1,754,522	1,693,987
Consumed goods	(476,490)	(464,424)
Other purchases and external expenses	(349,499)	(352,485)
Taxes and duties	(11,995)	(11,615)
Payroll costs (including temporary workers)	(643,338)	(640,048)
EBITDA	273,200	225,416
Depreciation	(119,181)	(99,025)
Net provisions	1,094	9,166
CURRENT OPERATING PROFIT (EBIT)	155,113	135,558
Non-recurring operating expenses	(46,358)	(13,693)
Non-recurring operating revenues	1,523	3,427
OPERATING PROFIT	110,278	125,290
Financing expenses and revenue on cash	(4,326)	(2,503)
Revenue on cash	3,544	3,462
Financing expenses	(7,871)	(5,965)
Other interest revenue and expenses	(4,221)	7,847
Other financial items	26,688	42,635
Other interest expenses	(30,909)	(34,788)
Taxes (including CVAE (Tax on Companies' Added Value))	(27,918)	(33,839)
PROFIT (LOSS) FOR THE PERIOD	73,812	96,794
Attributable as company shareholders' equity	69,773	92,069
Interest not granting control over the company	4,039	4,725
EARNINGS PER SHARE (IN €)	1.31	1.73
DILUTED EARNINGS PER SHARE (IN €)	1.30	1.72

Statement of overall earnings

(in thousands of euros)	12/31/2019	12/31/2018
PROFIT (LOSS) FOR THE PERIOD	73,812	96,794
Other items of overall income applied to shareholders' equity		
Actuarial gains and losses out of employee benefits (gross element)	(4,853)	(3,986)
Actuarial gains and losses out of employee benefits (tax impact)	1,446	907
Restatements of treasury shares (gross element)	258	(422)
Restatements of treasury shares (tax impact)	(75)	122
Other items of overall income that will cause a reclassification of income		
Exchange rate differences resulting from foreign business	9,413	3,794
Hedging instruments (gross element)	3,954	(12,004)
Hedging instruments (tax impact)	(675)	3,199
TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	9,467	(8,389)
TOTAL OVERALL INCOME FOR THE PERIOD	83,279	88,404

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2019 financial statements the Company has continued classifying revenues related to CIR (Research tax credit) as "Other Revenues".

Statement of financial position

ASSETS (in thousands of euros)	12/31/2019	12/31/2018
Non-current assets		
Goodwill	354,552	347,787
Other intangible assets	29,393	26,975
Tangible assets	732,776	676,657
Non-current financial assets	16,977	8,923
Deferred tax assets	17,312	11,894
Other non-current assets	9	480
TOTAL NON-CURRENT ASSETS	1,151,022	1,072,716
Current assets		
Inventories	321,639	351,009
Taxes - Claim on the state	16,206	22,032
Trade and other receivables	275,072	263,141
Cash and cash equivalents	236,809	156,879
TOTAL SHORT-TERM ASSETS	849,727	793,061
TOTAL ASSETS	2,000,748	1,865,775

TOTAL EQUITY AND LIABILITIES (in thousands of euros)	12/31/2019	12/31/2018
Shareholders' equity		
Capital stock	21,646	21,646
Additional paid-in capital	75,329	75,329
Treasury shares	(14,435)	(15,175)
Consolidated reserves	844,386	757,720
Conversion reserves	21,819	12,339
Other income and expenses recorded directly as shareholders' equity	(6,877)	(6,918)
Profit (loss) for the period	69,773	92,069
TOTAL SHAREHOLDERS' EQUITY - GROUP'S SHARE	1,011,642	937,010
Minority interests	9,740	6,625
TOTAL SHAREHOLDERS' EQUITY	1,021,382	943,634
Non-current liabilities		
Non-current provisions	64,993	65,475
Non-current borrowings	412,310	337,354
Other non-current liabilities	10,705	8,452
Deferred tax liabilities	40,091	37,745
TOTAL NON-CURRENT LIABILITIES	528,099	449,025
Short-term liabilities		
Current provisions	23,069	13,404
Current borrowings*	156,423	158,831
Trade and other accounts payable	270,447	298,469
Taxes due	1,328	2,411
TOTAL SHORT-TERM LIABILITIES	451,267	473,116
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,000,748	1,865,775
(*) of which banking facilities	8,273	20,480

Shareholder's guide

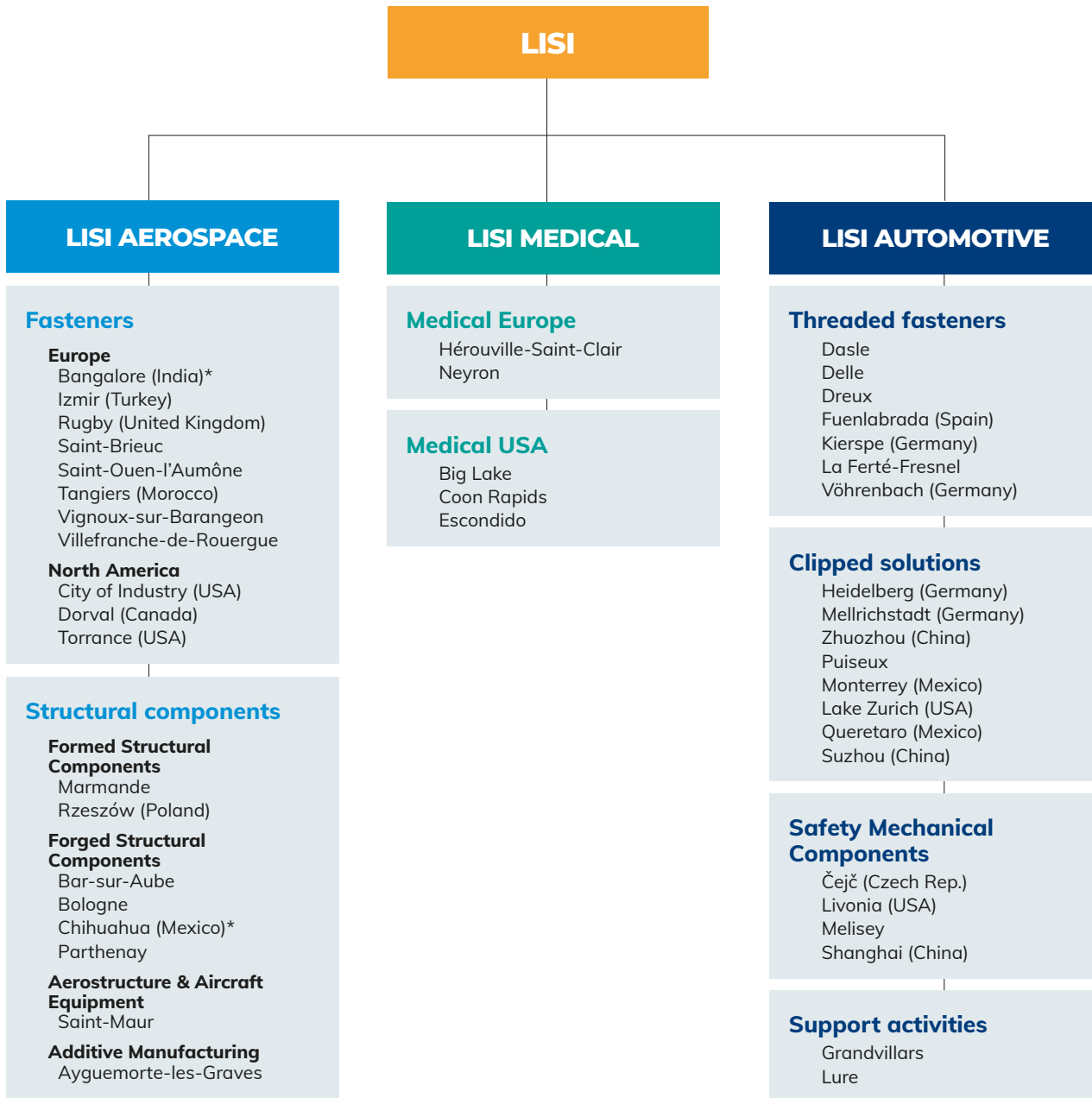
Consolidated cash flow statements

(in thousands of euros)	12/31/2019	12/31/2018
Operating activities		
NET EARNINGS	73,812	96,794
ELIM. OF THE INCOME OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD		
Elimination of net expenses not affecting cash flows:		
– Depreciation and non-recurrent financial provisions	119,418	98,634
– Changes in deferred taxes	(3,467)	2,333
– Income on disposals, provisions for liabilities and others	34,797	1,393
GROSS CASH FLOW MARGIN	224,560	199,154
Net changes in provisions provided by or used for current operations	(3,299)	(4,303)
OPERATING CASH FLOW	221,261	194,853
Income tax expense elimination	31,385	31,506
Elimination of net borrowing costs	5,526	5,767
Effect of changes in inventory on cash	10,498	(5,744)
Effect of changes in accounts receivable and accounts payable	(18,740)	(16,645)
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	249,929	209,735
Tax paid	(26,108)	(15,434)
CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)	223,824	194,302
Investment activities		
Acquisition of consolidated companies		(702)
Acquired cash		(43,384)
Acquisition of tangible and intangible fixed assets	(118,555)	(134,103)
Acquisition of financial assets		
Change in granted loans and advances	(187)	(267)
Investment subsidies received		
Dividends received		
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	(118,742)	(178,455)
Divested cash	(1,249)	(267)
Disposal of consolidated companies	3,000	3,191
Disposal of tangible and intangible fixed assets	1,737	2,822
Disposal of financial assets	(3)	
TOTAL CASH FROM DISPOSALS	3,485	5,746
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(115,257)	(172,710)
Financing activities		
Capital increase		3,167
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(23,421)	(25,499)
Dividends paid to minority interests of consolidated companies	(1,769)	(1,879)
TOTAL CASH FROM EQUITY OPERATIONS	(25,190)	(24,211)
Issue of Non-current loans	60,520	30,653
Issue of short-term loans	103,674	102,739
Repayment of Non-current loans	(5,882)	(6,783)
Repayment of short-term loans	(147,088)	(161,420)
Net interest expense paid	(5,534)	(5,766)
TOTAL CASH FROM OPERATIONS ON LOANS AND OTHER FINANCIAL LIABILITIES	5,690	(40,576)
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	(19,501)	(64,789)
Effect of change in foreign exchange rates (D)	2,338	(1,149)
Effect of adjustments in treasury shares (D)	727	(390)
CHANGES IN CASH (A+B+C+D)	92,133	(44,736)
Cash at January 1 (E)	136,400	181,135
Cash at year-end (A+B+C+D+E)	228,533	136,400
Cash and cash equivalents	236,809	156,879
Short-term banking facilities	(8,273)	(20,479)
CLOSING CASH POSITION	228,533	136,400

Statement of shareholders' equity

	Capital stock	Capital-linked premiums (Note 3.4.3.2)	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 thousands of euros)										
SHAREHOLDERS' EQUITY AT JANUARY 1, 2018	21,610	72,584	(14,720)	688,882	8,419	5,261	107,965	890,001	7,664	897,665
Profit (loss) for the period N (a)							92,069	92,069	4,725	96,794
Translation differences (b)					3,920			3,920	(126)	3,794
Payments in shares (c)				614				614		614
Capital increase	36	2,745						2,781	470	3,251
Restatement of treasury shares (d)			(455)			(300)		(755)		(755)
Restatement as per IAS19 (g)						(3,079)		(3,079)		(3,079)
Appropriation of N-1 earnings				107,965			(107,965)	0		0
Change in scope				(14,371)				(14,371)	(2,527)	(16,898)
Dividends distributed				(25,499)				(25,499)	(1,879)	(27,378)
Reclassifications								0		0
Restatement of financial instruments (f)						(8,800)		(8,800)	(5)	(8,805)
Various (e)				128				128	(1,698)	(1,570)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2018	21 646	75 329	(15 175)	757 720	12 339	(6 918)	92 069	937 010	6 625	943 634
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f)					3,920	(12,179)	92,069	83,810	4,594	88,404
SHAREHOLDERS' EQUITY AT JANUARY 1, 2019	21,646	75,329	(15,175)	757,720	12,339	(6,918)	92,069	937,010	6,625	943,634
Profit (loss) for the period N (a)							69,773	69,773	4,039	73,812
Translation differences (b)					9,480			9,480	(67)	9,413
Payments in shares (c)				104				104		104
Capital increase		0						0	947	947
Restatement of treasury shares (d)			740			183		923		923
Restatement as per IAS19 (g)						(3,407)		(3,407)		(3,407)
Appropriation of N-1 earnings				92,069			(92,069)	0		0
Change in scope				14,352				14,352	(48)	14,304
Dividends distributed				(23,420)				(23,420)	(1,769)	(25,189)
Reclassifications								0		0
Restatement of financial instruments (f)						3,265		3,265	14	3,279
Various (e)				3,562				3,562		3,562
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2019	21,646	75,329	(14,435)	844,386	21,819	(6,877)	69,773	1,011,642	9,740	1,021,382
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g)					9,480	41	69,773	79,294	3,986	83,279

Functional organization chart



* Secondary sites



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