

2020

INTEGRATED REPORT

lisi



A new integrated activity report

Inspired by the guidelines of the reference framework published by the International Integrated Reporting Council (IIRC), this first integrated annual report introduces LISI's ecosystem as well as its business and value creation model. This document reports on the Group's activity and results for the 2020 financial year in order to strengthen dialogue with all of its stakeholders, in a voluntary process of transparency and ongoing improvement.

The contents were selected in particular according to their relevance to the value created by the Group. They were nurtured by discussions with the Group's General Management, Industrial and Financial Departments, as well as the departments in charge of HR, HSE and CSR development. It also includes the contributions of the General Management, Marketing and Innovation Departments of the three divisions, namely LISI AEROSPACE, LISI AUTOMOTIVE, and LISI MEDICAL. Unless specified otherwise, the information presented in this report relates to the 2020 financial year ended December 31, 2020.

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1 PROFILE

KEY FIGURES 2020

LISI GROUP

€1.23 billion
of sales

44 production
sites in

13 countries

9,676
employees



LISI AEROSPACE

€663 million
of sales



LISI AUTOMOTIVE

€451 million
of sales



LISI MEDICAL

€116 million
of sales

Financial performance growth

€166.7 million

Current Gross Operating
Surplus, EBITDA, i.e. 13.6%
of sales

€41.5 million

EBIT, i.e. 3.4% of operating
margin

Enhanced financial strength

€109.4 million

Record Free Cash Flow⁽¹⁾
i.e. 8.9% of sales

€220.8 million

Net debt, i.e. - € 111 million
compared to 2019

(1) Net operating cash flow
minus net CAPEX and
changes in working capital
requirements.

COVID-19: securing sizing, positioning

Since the first effects of the coronavirus in China in December 2019, the epidemic has grown worldwide and now affects all continents.

Exceptional health measures were gradually taken depending on the stage of the epidemic in each of the countries where the LISI Group is present. Faced with this unprecedented crisis, an overall adaptation plan was implemented very quickly in order to protect the health of employees, ensure business continuity, preserve the Group's cash flow over time as well as any opportunities that the markets may reveal even in times of crisis.

In this report, you will find background information that will help you understand the impact of COVID-19 on the business, performance and strategy of the LISI Group, in particular with the launch of the NEW DEAL plan (see p. 30).

To get through this difficult period, LISI was also able to rely on the commitment of all its employees, on the support of its banking partners, as well as on the confidence of its customers and shareholders.

MANAGEMENT'S MESSAGE

During this financial year 2020, the LISI Group experienced an unprecedented situation with a sudden drop in demand. In 2020, sales amounted to €1,230 million, representing a loss of nearly €500 million compared to 2019, down 28.9%.

Despite business collapsing across all three divisions, the Group has shown strong resilience of the main management indicators. LISI has succeeded in maintaining a good gross operating surplus, positive current operating income and record free cash flow (see p. 1).



LISI aims for a leadership position, among the two or three top players in each segment, in each Business Group. 👍👍



■ LISI aims for a leadership position

This financial position remained strong thanks to the responsiveness of the teams, that immediately implemented a comprehensive plan to adjust to the COVID-19 pandemic called NEW DEAL. The plan, which initially set protecting the health of employees and preserving cash flow as its top priority, now enables us to prepare for the future by adapting to new market conditions (see p. 30).

The NEW DEAL plan will contribute to the achievement of the 2020-2024 strategic plan. LISI aims for a leadership position, among the two or three top players in each segment, in each Business Group. This is why the Group intends to turn all the opportunities in the existing market into organic or external growth.

■ Formalizing CSR commitments

To meet the challenges of tomorrow, LISI will continue to rely on powerful action levers such as innovation (see p. 33) and operational excellence (see p. 38), while integrating corporate social responsibility (see p. 42). Even though the Group, through its long-term vision, has been dealing with CSR subjects for a long time, it has decided to formalize them more for the coming period.

To achieve this objective, LISI will be able to rely on the dynamism and entrepreneurial spirit of its employees, on the loyalty of its shareholders, on the demands of its customers, on the support of its suppliers, and on the confidence of its banking partners. LISI's footprint nationally and internationally will be an asset.

We remain confident in the future. With all the efforts undertaken, the Group's ability to rebound is intact.



GILLES KOHLER
Chairman, LISI

EMMANUEL VIELLARD
Chief Executive Officer, LISI

SHARED VALUES

Committed to an active sustainable development approach for several years already, the LISI Group seeks to promote collective and individual commitment as part of a strategy of ongoing improvement. This long-term approach was built on common values: the fruit of collective brainstorming conducted within the company's three divisions, these values are now shared around the world by the Group's 9,676 employees.

— Permanence

LISI is a family company that has been in business for over 200 years, and has always adapted to the times. We are committed to pursuing the work of the generations of men and women who have made LISI an international, lasting and efficient company.

We are aware of our impacts on the community and the environment. We work for the long term, and endeavor to reduce the environmental footprint of our facilities in line with our strategic development plan.



— Integrity and transparency

In everything we do, we strive for honesty, conscience, openness and compliance with laws and regulations. We expect exemplary behavior from our employees and partners.

We create transparent and long-standing relationships with our customers and suppliers, and regularly report on our commitments and achievements.



— Innovation

We anticipate the changes and risks associated with our trades to offer the best solutions to our stakeholders. Innovation is often driven by technology and creativity. We design products and services that protect the environment, taking into consideration their entire life cycle.

— People are at the heart of our development

The people of LISI are our most valuable assets. We are dedicated to promoting and developing their skills. We protect their health, safety and well-being. We apply a policy of non-discrimination and diversity in every aspect of human resource management.



— Industrial excellence and pragmatism

We spare no effort to offer competitive and high-quality products and services, so as to achieve the highest standards and excellence that our stakeholders expect from us. We measure our performance continually, with an unbroken commitment to improvement. Customer satisfaction is the main guarantee of our permanence. Our commitment and involvement are individual and collective, with a positive state of mind and pride in work well done. Our action is intended to be practical and concrete.

A BALANCED PROFILE

LISI, A GLOBAL INDUSTRIAL GROUP

LISI is an international company specializing in the design and manufacture of high value-added assembly solutions and components in the aerospace, automotive and medical sectors.

Partners of the world's largest players and forged by its long-term family values, LISI has been innovating and investing for over two centuries in its products and industrial facilities to meet current and future needs of its customers, particularly in terms of quality, safety and performance.

The Group makes a difference by relying on two strategic orientations: innovation and operational excellence, while integrating a CSR approach.

Shared know-how

Each of the Group's three business segments shares comparable manufacturing processes for processing metals or plastics. This shared know-how, highly integrated with takeover operations, constitutes the Group's business structure, the identity on which it has built its industrial expertise and its development.

Metals



Deformation

The LISI Group masters the full range of metal deformation technologies to produce parts of any size at high production rates. This includes forging, forming, cold heading, extrusion, die-forging, etc.



Metal additive manufacturing

Metal additive manufacturing, more commonly referred to as metal 3D printing, consists in depositing successive layers of metal alloys to generate a shape.



Adjustment and treatment

The adjustment operations are intended to give the part its final characteristics (dimensional, mechanical characteristics, surface condition, protection and appearance) through machining operations (milling, turning, grinding, etc.), heat treatment or surface treatment.

Plastics



Injection

Plastic injection consists in filling a mold under pressure with plastic material made fluid by heating. This technique allows the production of complex shapes in small and large series.



Machining

Plastic products can be machined to meet appearance or dimensional constraints.

— Three complementary activities with differentiated cycles and highly technological content



LISI AEROSPACE

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

€663 million 2020 SALES
54% OF GROUP SALES
5,504 EMPLOYEES

● Fasteners

The products cover a very wide range of standard and specific fastening solutions for all aerospace applications, locking solutions, hydraulic fittings, as well as a wide range of interior fasteners.

● Structural Components

The product line covers a variety of complex parts and components that perform vital functions on airplanes and helicopters: e.g. components for wheels, brakes, actuator systems but also engine components (vanes, fan vanes, etc.).



LISI AUTOMOTIVE

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

€451 million 2020 SALES
37% OF GROUP SALES
3,393 EMPLOYEES

● Threaded Fasteners

These products are quickly moving towards multi-material assembly solutions, battery fastening systems, complex power transmission parts, and any other automotive standard fasteners.

● Clipped Solutions

This product line covers all clipped fastening systems for interior and exterior cladding, fasteners for tubes and cables, as well as solutions for weight reduction and optimizing assemblies.

● Safety Mechanical Components

This product line covers components for braking, fluid management, seat adjustment and interior safety systems.



LISI MEDICAL

manufactures medical implants, ancillary implants and value-added instruments.

€116 million 2020 SALES
9% OF GROUP SALES
744 EMPLOYEES

● Reconstruction implants

This product line covers orthopedic joint reconstruction implants (hips, knees, shoulders) and orthopedic surgical instruments.

● Minimally invasive surgery components

The range of minimally invasive surgery components includes components used in robotic or manual surgery such as staplers, forceps, blades, scissors, etc.

● Spinal and trauma implants

The range of spinal and trauma implants covers medical devices for treating trauma and promoting osteosynthesis (connectors, screws, cages, plates, rods, prostheses, etc.).

A BALANCED BUSINESS MODEL

Our resources



HUMAN AND SOCIAL CAPITAL

9,676 employees in 13 countries,
of which 23% are women

An LKI corporate university

Long-term attention to health, safety and quality
of life at work



INTELLECTUAL CAPITAL

An internal network of experts in France,
the United States and Germany

More than 200 years of experience in
the preparation and processing of metals



INDUSTRIAL CAPITAL

44 production sites in 13 countries

Of which 2 sites certified "Vitrine Industrie
du Futur" by the "Alliance Industrie du Futur"

Ratio of 375 robots for 10,000 employees



FINANCIAL CAPITAL

Shareholders' equity of €990.4M

€109.4M of free cash flow

Stable shareholder base (more than 60% held
by the founding French industrial families)



SOCIETAL & ENVIRONMENTAL CAPITAL

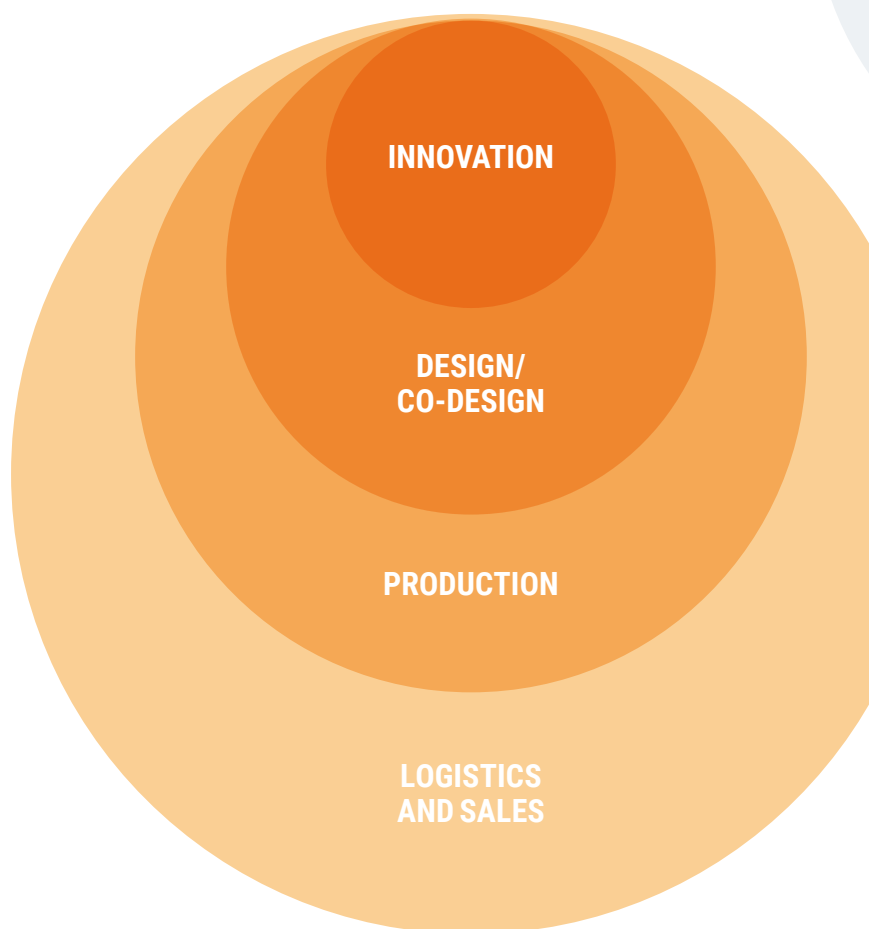
LISI E-HSE internal program of excellence

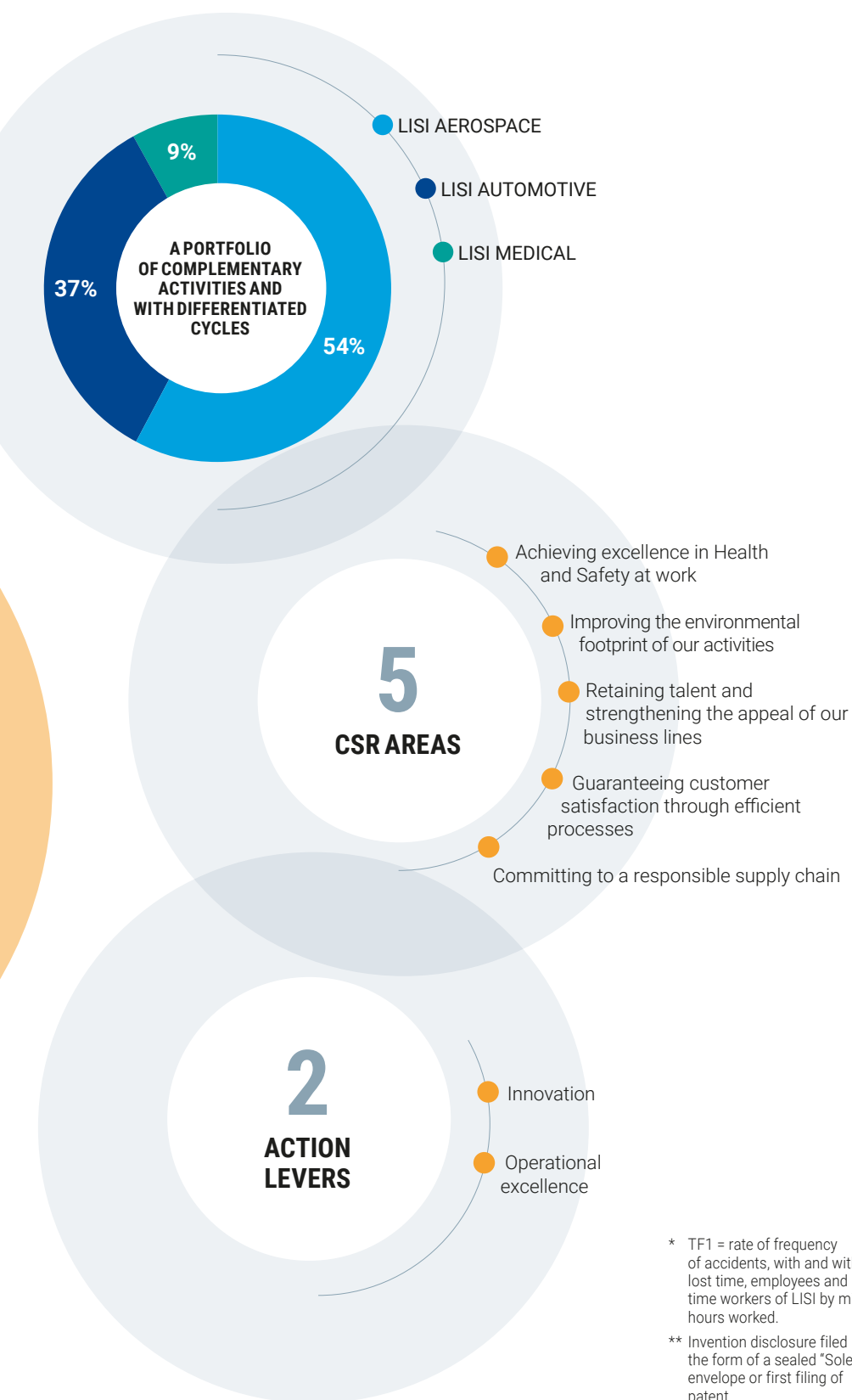
9.9% of investment dedicated to HSE

LISI signatory of:

- Global Compact
- French Business Climate Pledge

Our model





Our impacts



HUMAN AND SOCIAL CAPITAL

Favorable and attractive social model:
profit-sharing, incentives, employee shareholding and employee savings plans
100,424 hours of training
84% satisfaction rate for the Quality of Life at Work survey
TF1* = 6.9



INTELLECTUAL CAPITAL

16 inventions in 2020**



INDUSTRIAL CAPITAL

€12.9M of investment in capacity to produce in the regions, i.e. 18% of total investments
100% of production sites certified according to standards
EN 9100 (aerospace),
ISO/TS 16949 (automotive),
ISO 13485 (medical)



FINANCIAL CAPITAL

EBITDA margin 13.6%
Operating margin 3.4%



SOCIETAL & ENVIRONMENTAL CAPITAL

Classified as Climate Champion 2021 (*Challenges magazine*)
Listed in the Gaïa Index (score 77/100)
A reduced environmental footprint between 2018 and 2020 in relation to the creation of added value:
-4% energy consumption
-13% water consumption
-15% waste production
80% of sites OHSAS 18001 and ISO 14001 certified

A DIVERSIFIED OFFER



LISI AEROSPACE

A world-class player in the aerospace industry, LISI AEROSPACE designs and produces a very wide range of assembly systems and metal structural components with high added value.

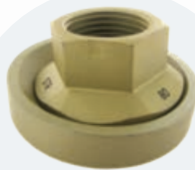
The division assists the main aircraft manufacturers and system manufacturers in developing major innovation programs, in order to develop the aircraft of tomorrow, which are safer and more environmentally-friendly.

► Fasteners

70% of
the division's sales



Present in the world Top 3 in the aerospace fasteners sector, LISI AEROSPACE is positioned as a leader in product and process innovation. Its international dimension allows it to remain close to all the major contractors in the aeronautics industry and to be at the heart of all innovation programs.



STARLITE™ Titanium Nuts
The lightest solution for permanent structural connections.



STRIPES technology
Lightning strike protection in composite structures.



SAFETY LATCHES
Safety locks.



FUSE PINS
Critical assemblies.

➤ Structural Components

30% of
the division's sales

The structural components business includes the manufacturing and finishing of critical high added value metal parts. They can be forged, hot or cold formed or produced via additive 3D printing processes. At the forefront of process innovation, the division is a European leader in the manufacture of engine blades and a leading global player for medium-sized structural components.

Formed primary components



Compressor blades
for the LEAP engine



LEAP engine composite fan
blade leading edge



Air intake lipskin
for the A320NEO Airbus

Primary forged components



Strut for
the LEAP engine

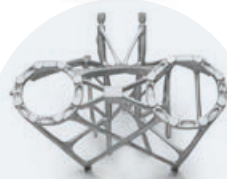


Power transmission
semi-machined gear



Low pressure
variable stator vane

Additive manufacturing



Satellite antenna
bracket

MAJOR DEVELOPMENT ORIENTATIONS

Critical and Safety Parts

LISI AEROSPACE is stepping up its R&D efforts in the development of critical and safety parts, such as fasteners fitted with a device allowing the monitoring of key characteristics of the assembly throughout the life of the device, or even new forging methods for critical parts (landing gear). The division is also expanding its range of qualification for new fastener or component products.

Low-carbon aircraft, weight reduction and aerodynamics

LISI AEROSPACE is particularly active in programs aimed at reducing the carbon footprint of the aeronautics sector. The division develops eco-friendly manufacturing processes, designs fasteners and components that help make aircraft lighter and reduce CO₂ emissions.

Optimization of assemblies

LISI AEROSPACE develops disruptive solutions that slash the total cost of an assembly while guaranteeing 100% reliability: servo-controlled automated drilling, robotic fastening installation from one side and 100% proper installation control...

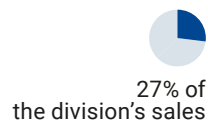
A DIVERSIFIED OFFER



LISI AUTOMOTIVE

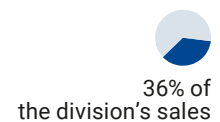
The division designs and produces fastening systems and safety mechanical components for car makers and suppliers. Through ongoing innovation, LISI AUTOMOTIVE contributes to improving the reliability and safety of vehicles developed by the world's leading car makers and to actively participating in the major technical developments in this industry (connected, autonomous, light and electrified vehicles, etc.).

➤ Safety Mechanical Components



LISI AUTOMOTIVE produces safety mechanical components that provide guidance, force transmission and energy absorption functions for systems integrated in combustion engine and electric vehicles. Our development and manufacturing methods are based on the best processes in order to deliver the expected products to the best quality standards.

➤ Threaded Fasteners



LISI AUTOMOTIVE offers a wide range of multi-material fasteners, technical fasteners for hybrid engines and internal security (belt, mechatronics, etc.) and interior and exterior trim application fasteners.



Braking
Guide pins and electric
parking brake



Fluid management
Braking system and direct
engine injection



**Screws and nuts to automotive
standards**



**Multi-material solutions
and assembly optimization**



Internal safety systems
Belt and seat mechanisms



**Special parts for motors
and safety systems**



➤ Clipped Solutions



37% of
the division's sales

The expertise of LISI AUTOMOTIVE and its subsidiaries has enabled the division to develop innovative and complex clipped fastening systems that meet the new challenges of the automotive market. LISI AUTOMOTIVE thus offers solutions designed to reduce costs, weight and improve the quality of combustion engine, hybrid and electric vehicle assemblies.



Clips for interior
and exterior trim



Assembly reduction
and optimization solutions



Cable ducts

MAJOR DEVELOPMENT ORIENTATIONS

Clean mobility and compliance with environmental standards

Propulsion modes are evolving rapidly towards hybrid and/or electric models (see p. 24). LISI AUTOMOTIVE supports its car maker and equipment supplier customers in this transformation by offering solutions adapted to new mobility with the aim of reducing the carbon footprint.

Vehicle weight reduction

The weight reduction of vehicles is at the heart of the problems and needs of car makers. A lightweight vehicle reduces CO₂ emissions, optimizes its performance and increases its range (reducing fuel consumption and increasing the duration of an electrical charge).

Standardization and optimization of assemblies

A designer of innovative fastening solutions, LISI AUTOMOTIVE optimizes each of its assembly systems in order to simplify and standardize assembly operations and lower the costs associated with these operations for its customers.

A DIVERSIFIED OFFER



LISI MEDICAL

is an international subcontractor in the field of medical devices. It specializes in the production of orthopedic implants and minimally invasive surgical instruments. A player in a sector undergoing profound change, LISI MEDICAL supports its customers actively thanks to its industrial expertise, its ability to innovate and a recognized level of quality.

MAJOR DEVELOPMENT ORIENTATIONS

Increased volumes of joint implants

An investment plan should make it possible to increase the production capacity in the segment of joint reconstruction implants, a fast-growing market.

Support for innovation in minimally invasive surgery

LISI MEDICAL is increasing its expertise and strengthening its presence with budding start-up companies in the segment of minimally invasive surgery.

Supply of spinal and trauma implants

LISI MEDICAL offers medical devices to treat trauma and promote osteosynthesis.

Strengthening OEM services

The division wishes to accelerate the offer of services to OEMs, such as the management of logistics contracts and inventory management.



> Industrialization and logistics services

Design and modeling, prototypes, pre-series, materials, process validation, continuous replenishment of inventories

> Reconstruction implants



Shoulders,
hips,
knees,
extremities,
instruments

> Minimally invasive surgery components



Blades,
scissors,
staplers,
pliers

> Spinal and trauma implants



Connectors,
screws,
cages,
plates,
prostheses

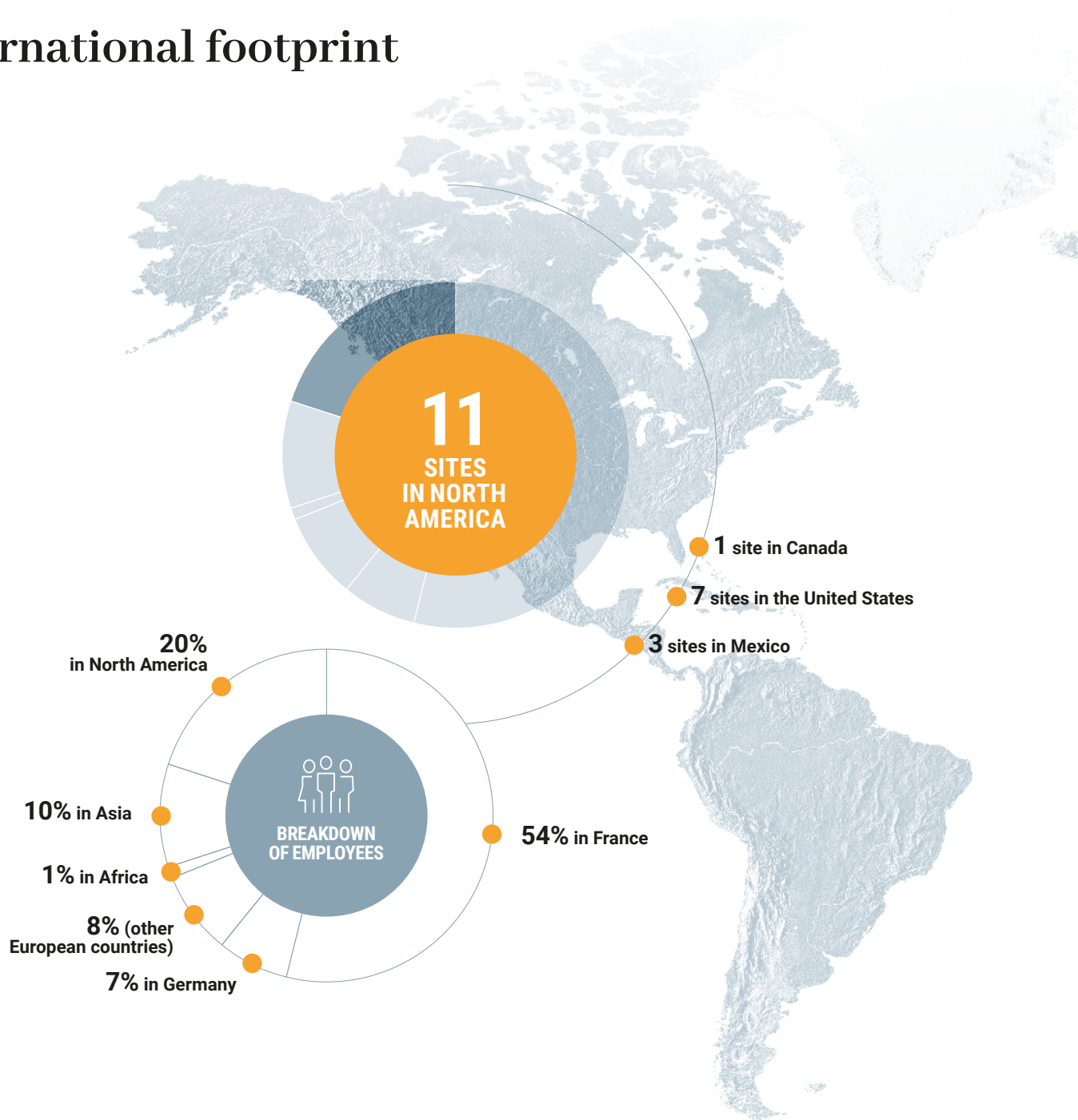
A GLOBAL PLAYER

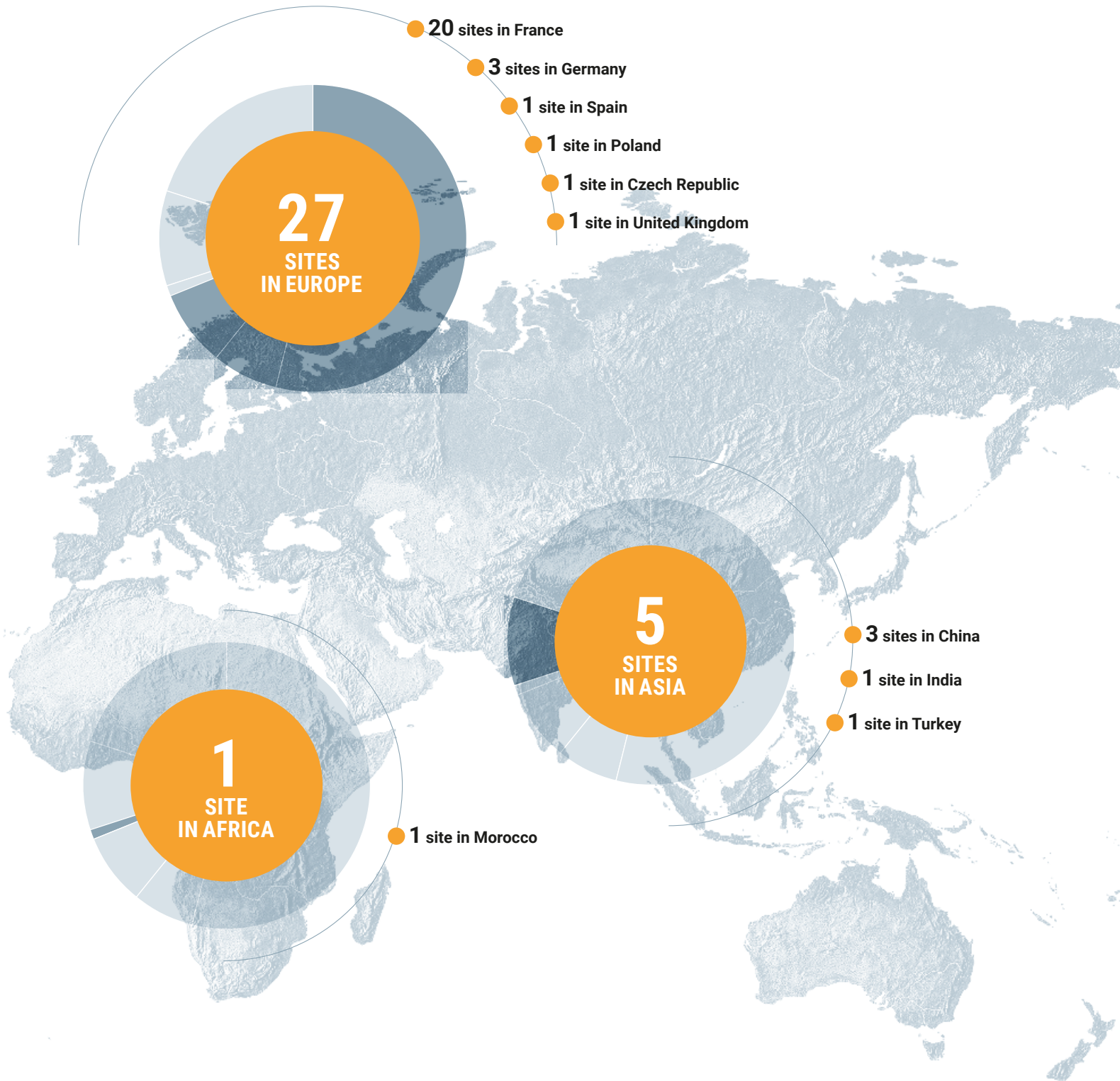
Production sites per activity



A GLOBAL PLAYER

International footprint





240 YEARS OF INDUSTRIAL HISTORY

LISI was born in the eighteenth century out of the merger of several family-owned companies in Montbéliard and Belfort. In this region located in the north of the Department of Franche-Comté, industrialization had begun very early, in a number of different areas, but with a common technical theme: iron working. The technical excellence that was developed for metalworking then spread to other industries in the region, such as watchmaking, the bolts and screws produced on an industrial scale for the first time in France by the company Japy-Frères, bicycles and cars.

LISI is representative of this progression: its original business, the production of metal wires and screws and bolts gradually transformed, adapting to the demands of an industrialized world that has greatly evolved over the past two centuries. LISI currently produces high technology fittings (threaded and clipped) for the automotive, aerospace and medical sectors.

With its still predominantly family shareholding that allows it to pursue a long-term strategy, LISI continues to grow in France and around the world, offering its customers optimal service and responsiveness.



1777

Frédéric Japy created a watchmaking factory in Beaucourt

1796

Foundation of the Migeon & Dominé factory initially specializing in the production of wire

1806

First industrial manufacture of forged wood screws by Japy-Frères and Migeon & Dominé

1835

Juvénaï Viellard joined Migeon & Dominé, which was eventually renamed Viellard-Migeon & Compagnie (VMC)



1866

Comptoir des quincailleries réunies de l'Est was created, with branches in Paris, Barcelona, Milan, Zürich, Stuttgart and Buenos Aires

1899

The Société Industrielle de Delle (SID) was founded by the Dubail brothers, Joseph Kohler and Joseph Frossard



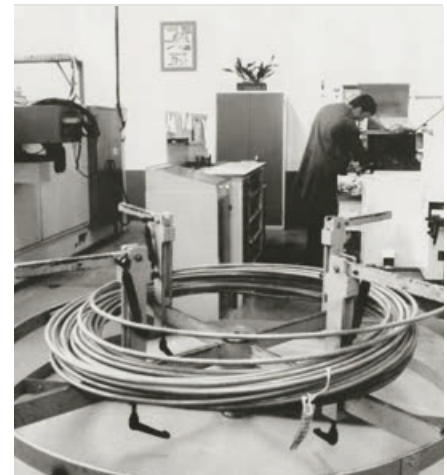
1959

Japy's screws and bolts business was taken over by SID, Bohly Frères and VMC

1962-1968

Towards the creation of an industrial group: GFD

The family-run businesses Bohly, Dubail-Kohler and Viellard merged into Générale de Forgeage Décolletage (GFD). The new group became the leading French manufacturer of standard and automotive screws and bolts.





1977

The aerospace business kicked off

In the 1970s, GFD acquired two aerospace subcontracting companies, thanks to the support of Blanc Aero Industries (BAI), a company specializing in aerospace fasteners. In 1977, GFD and BAI decided to merge to form Générale Financière et Industrielle (GFI). The operation was made possible thanks to an equity investment by the Peugeot family. Even today, the Kohler, Peugeot and Viellard families remain the major shareholders of LISI.

1990-2001

Development through strong external growth

After being floated on the *Second Marché* of the Paris Stock Exchange in 1989, the group strengthened itself over the following decade by acquiring more than fifteen companies in Europe and the United States.

2002

The group was renamed LISI

In 2000, the group acquired Rapid, which manufactured clips for automobiles. The manufacturing technologies differ between screws and clips, but the commercial approach and the profession are identical. The group harnesses the complementarity of products to stand out from its competitors and position itself as one of the only multi-specialist players in fasteners. It eventually did the same in aerospace with the 2003 acquisition of the Californian Monadnock.

To better mark this positioning, the group took the name LISI in 2002: "Link Solutions for Industry".

2007-2010

A new division was created, LISI MEDICAL

Between 2007 and 2010, LISI acquired four companies that manufactured dental implants or assembly systems (screws, pins) used in reconstructive surgery. In 2010, with the takeover of Stryker Corporation's hip prosthesis production site located in Hérouville-Saint-Clair, in Normandy, the group set up a new division, LISI MEDICAL.

2011-2014

LISI AEROSPACE started expanding in structural components

With the takeover of Creuzet Aéronautique in 2011, followed by that of Manoir Aerospace in 2014, LISI AEROSPACE started expanding in "complex structural components", complementary to the fasteners. Such diversification was for LISI AEROSPACE a means to acquire a new dimension in customer relations and establish itself among the major aerospace equipment manufacturers.

2016

LISI MEDICAL acquires a new business

The acquisition of Remmele Medical Operations enables the medical division to expand its industrial operations in the United States and position itself in a new and very promising segment: the manufacture of minimally invasive surgical instruments.

2017-2018

LISI AUTOMOTIVE expands in the United States

With the acquisition of the American companies Termax and Hi-Vol Products, LISI AUTOMOTIVE considerably bolsters its clipped fasteners and high added-value mechanical safety components business and takes on a global dimension: the division is now present in the 3 major regions for the production of automobiles: China, Europe and North America.

2019-2020

Refocusing activities on high added value solutions

The Group is refocusing its activities on fastening solutions and high added value components.

- LISI AEROSPACE sells two non-strategic subsidiaries: Indraero-Siren in France and LISI AEROSPACE Creuzet Maroc.
- LISI AUTOMOTIVE sells its chassis screws, chassis studs and ball joints (St-Florent site) and its German subsidiary LISI AUTOMOTIVE Mohr Friedrich GmbH specializing in hot forging and producing in particular for the truck market.

LISI becomes the owner of 100% of the capital of the American company Termax.

Overall adaptation plan to the COVID-19 pandemic

Affected by the impact of COVID-19 in its three business markets, x as of the first days of the crisis, LISI implemented a daily management protocol to meet several objectives: protect the health of employees, preserve cash flow and prepare for the future with a plan to adapt to new market conditions called NEW DEAL.

2 ECOSYSTEM & CHALLENGES



CHALLENGES

22 DEDICATED PARTNERS

24 A CHANGING ENVIRONMENT



Partners involved in the Group's development

With its 240-year long history, the LISI Group is anchored in an old and solid industrial reality. In order to share, inform and discuss in a sustainable way about its vision and its role, the Group wished to identify all the stakeholders concerned by its development who may yield more or less clout on its activities. LISI then defined an organization to communicate regularly with them and answer their requests.

The health and economic situation linked to the COVID-19 pandemic has considerably increased the requirements of our stakeholders, in particular in terms of business continuity, risk management, health and safety. Particular attention was paid this year to communication with the stakeholders closest to and most involved in the life of the Group, in order to respond quickly to the new expectations expressed in a degraded context.

Business Community

- Customers
- Strategic Subcontractors
- Strategic Suppliers

Main Requirements and Interests: Adequacy of the offer; business continuity (+); satisfaction, reliability and product certification; compliance with contracts and terms of payment; CSR practices (+).

Public & private partners

- Certification and standardization body
- Business authorities (AFSSAPS, OSAC, etc.)
- Insurers

Main Requirements and Interests: Compliance with regulations; low loss experience; knowledge and prevention of risks (+).

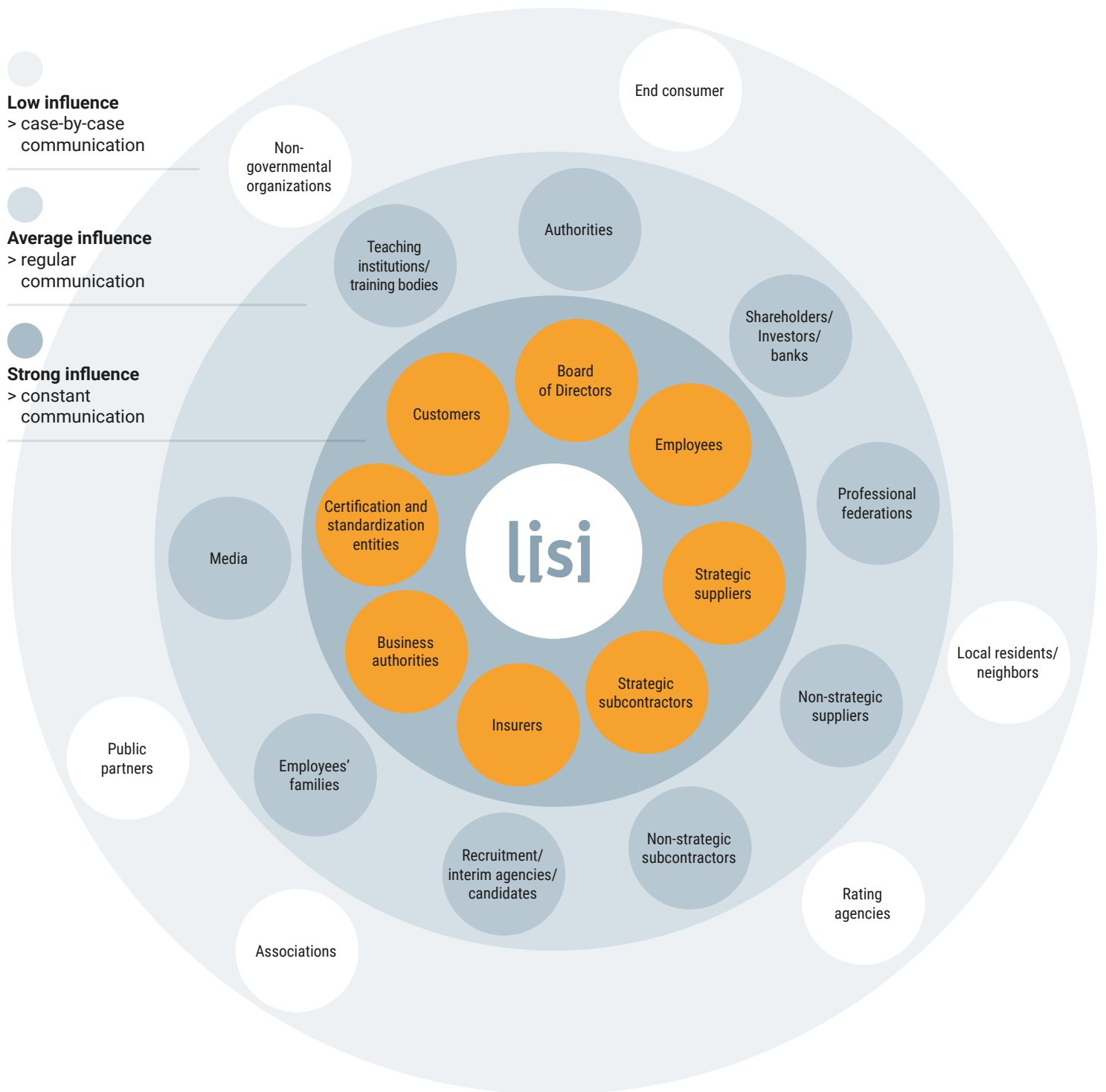
Employees

Main Requirements and Interests: Increase in skills and performance results; maintenance of employment (+); working comfort, health (+), safety and well-being; responsible and environmentally friendly practices.

Board of Directors

Main Requirements and Interests: Compliance with regulatory obligations; performance results; and positive image of the LISI Group.

(+) symbolizes increased expectations and attention in 2020 in the context of COVID-19.



LISI, a player in a changing world

The LISI Group's economic, social and technological environment is constantly evolving. This movement, together with new environmental challenges, is accelerating with the increasing globalization of trade. Faced with these challenges, the Group is already providing a number of answers. A precise roadmap has been drawn up and ambitious goals have been set for 2030.

LISI AUTOMOTIVE

Energy & propulsion

Participating in the development of the vehicle of tomorrow

The 2030 automobile will consist of a multi-material structure, an interior made up of sub-assemblies integrating mechatronics and an electrified powertrain.

- In the first half of 2020, sales of electric or plug-in hybrid vehicles grew by 4.2% worldwide, in a global automotive market that fell by more than 20%.

LISI'S RESPONSES

- Support the adaptation efforts of manufacturers and equipment suppliers, by offering innovative technical solutions.
- Accelerate the development of new parts related to the electrification of vehicles and the lightening of structures with multi-material assemblies.
- Pursue R&D efforts on on-board mechatronics parts (complex pinions, activation screws, etc.).

Read pages 33-37 (Innovation) and 51 (HR)





LISI AEROSPACE, LISI AUTOMOTIVE, LISI MEDICAL

Environment

Limiting the carbon footprint

Limiting greenhouse gas (GHG) emissions is a key issue that affects all economic sectors. In October 2020, the European Parliament raised the European Union's GHG emission reduction targets to -60% for 2030. These decisions primarily involve the strategy of companies in the automotive and aeronautics sectors.

LISI'S RESPONSES

- **2020 Actions:**
 - Reduced water consumption. Development of new methods for the treatment and reuse of wastewater.
 - Reduced energy consumption. Installation of a cogeneration system on the thermal treatment lines (Delle). A very ambitious CO₂ reduction plan will be launched in 2021 at LISI AUTOMOTIVE.
- **2030 goals:**
 - 30% greenhouse gas emissions vs 2020
 - 10% energy savings vs 2020
 - 20% use of renewable energy

Read pages 48 (CSR orientations)
and 50 (Environment)

LISI AEROSPACE, LISI AUTOMOTIVE, LISI MEDICAL

Plant 4.0

Integrating new production methods

Information technologies are disrupting organizations and production methods by shaping the contours of the industry of tomorrow:

- Additive manufacturing will be operational in more than 50% of companies by 2025 (source *La Fabrique de l'Industrie*).
- 60% of global companies will be equipped with production robots by 2025 (sources *Future of Jobs Survey 2020*, *World Economic Forum Annual Meeting*, Davos 2020).
- Artificial intelligence and cloud computing are penetrating the heart of industrial production.

LISI'S RESPONSES

- A pioneer in additive manufacturing (€11 million invested since 2016), the LISI Group has a technological advance for metallic components on board all types of aircraft and satellites: more than 250 parts were produced in 3D in 2020.
- Robotics and artificial intelligence: committed to robotics very early on, the Group has 375 robots for 10,000 employees. Two artificial intelligence POCs are being carried out to evaluate new production control systems (MES) and optimize tool wear cycles. The Group is increasing its partnerships with artificial intelligence and data science start-ups.
- The shift towards Plant 4.0 attracts new HR profiles: analytical thinking, creativity and flexibility will be key skills in the Group as of 2025.
- Several sites are now operating on a paperless basis. An important part of the administrative and accounting processes is dematerialized. This movement is expected to continue and accelerate.

Read pages 33-34 (Innovation) and 51 (HR)



LISI, a player in a changing world



LISI MEDICAL

Demographics Supporting the aging of the population

The aging of the population of developed countries generates additional health needs and today weighs on medical expenditure in these countries. Reducing the health bill is a global issue.

- Early diagnosis and interventions, in particular for age-related orthopedic surgery (hip, knee, etc.), reduce costs and are among the promising avenues.
- New techniques of minimally invasive surgery with robotic assistance limit postoperative risks and reduce the cost of operations.

LISI'S RESPONSES

- The Group got involved very early on in the markets driven by these challenges of reducing healthcare costs, such as the design and manufacture of orthopedic prostheses, minimally invasive surgical instruments or medical robotics (blades, staplers, pliers, etc.). In the orthopedics and minimally invasive surgery markets, LISI MEDICAL is the global preferred supplier.

Read pages 72-75
(LISI MEDICAL performance results)

LISI AEROSPACE

Market

Anticipating post-crisis restructuring

The aerospace market will go through a phase of significant concentration and rationalization across the entire supply chain.

- Future productions should focus on single aisle aircraft, which implies more volume concentrated on fewer references, while maintaining diversification.
- The aftermarket (MRO) is expected to experience strong growth: airplanes in flight, which must be maintained, will remain very numerous in the coming years.

LISI'S RESPONSES

- Preserve the agility and rebound capacity of the division, by encouraging very strongly the versatility of the teams.
- Focus on high added value markets and on growing markets by relying on the Group's expertise.
- Aim for a world Top 3 position in each of the markets where the division is present.
- Take advantage of LISI AEROSPACE's global presence, which is a real advantage over local players, depending on regional customers.

Read pages 64-67
(LISI AEROSPACE performance results)





LISI AEROSPACE

Energy and Propulsion

Accelerating on the plane of the future

The aircraft of tomorrow, which will be developed in the years to come, will be based on key technologies and issues:

- Hydrogen propulsion for which significant investments are being made.
- Weight reductions thanks to innovations in materials and assembly technologies. The available avenues of progress offer very significant potential gains.
- Reducing the carbon footprint: the use of organic fuels as well as the changes planned in the short term will make it possible to gradually reduce GHG emissions.

LISI'S RESPONSES

- Position ourselves on all the demonstrators launched by major contractors, aircraft manufacturers and engine manufacturers, being present on the prototypes.
- Pursue our R&D efforts in order to offer validated and controlled technologies to the market.
- Develop in-depth programs on green, lighter fasteners, whose coatings are compatible with REACH regulations, and for which LISI AEROSPACE is a world leader.

Read pages 33-37 (Innovation) and 64-67 (LISI AEROSPACE performance results)

STRATEG VISION



IC


30	THE NEW DEAL PLAN
32	LEVERS FOR ACTION



NEW DEAL

A plan to prepare for the future

The COVID-19 pandemic has had an unprecedented impact for LISI. After ensuring the safety and health of employees, reorganizing working and communication methods and preserving cash flow in order to remain agile, the Group is looking to the future.



The strategic brainstorming initiated in June 2020 by LISI within the Management Committee made it possible to draw up an adaptation plan to new market conditions. Called NEW DEAL, it reflects the need for LISI to rethink its organization and its mode of governance. It should also enable the Group to anticipate events in order to emerge stronger from the crisis.

The strategic plan, which covers the period 2021-2024, brings together and coordinates all the structuring initiatives conducted within the framework of the action plans already deployed in the Group, monitors their implementation and measures the results.

Adapting to new market conditions

Its development will be articulated in three main phases. The first one, focused on restarting activity, was completed in 2020. The second one, which concerns the resizing of the Group for it to adjust to new market conditions, is scheduled for 2021. The third one, which covers the period 2021-2024, will be devoted to the strategic repositioning of LISI, with a detailed analysis of the product portfolio and the conditions for its resilience.

Appropriate governance

A specific Governance Committee has been set up to oversee the entire plan. Clustered around an Executive Committee which brings together the directors of each of the divisions and of the finance and purchasing functions, this committee supervises the entire plan, defines the objectives and guiding principles and serves as arbitrator. A team of project leaders conducts the plan operationally and coordinates actions in the field.

2020-2024: a three-phase roadmap





LEVERS FOR ACTION

- To support its business model and implement its strategy, LSI relies on three levers: innovation, a pillar of development and growth, helps to overcome today's major challenges, operational excellence has always been the basis of the Group's performance, and sustainable growth which guides its strategic choices.

Levers for action

Innovation, the driver of growth



Industry 4.0

GROUP / PROCESS / DIGITAL

CHANGING OUR TEAMS' DAILY LIFE WITH DIGITAL TECHNOLOGIES

The smart factory harnesses technology to lighten the workload by freeing operators from certain tasks. The use of cobotics (human-machine cooperation), connected objects (IoT), augmented vision systems, and artificial intelligence allows them to focus on operations with higher added value. The machine-produced information, accessible to the moving operator, no longer requires work assigned to a fixed position. There is a lot to be gained: more interest in the work, enhanced effectiveness, prevention of occupational risks such as MSDs, improvement of working conditions and mitigated impact on the environment. In 2020, the Group continued to develop innovative collaborative solutions in partnership with start-ups. These solutions concern in particular the management of accreditations and skills, the valuation of industrial data and production planning.



Digital

GROUP / MANAGEMENT / DIGITAL

ALUSTA, THE FIRST STEP TOWARDS A SHARED ACCOUNTING CENTER

LISI stepped up in 2020 its approach to administrative management 4.0. The ALUSTA solution, designed to ensure the automated processing of supplier invoices and the electronic collection of documents (purchase orders, delivery notes, payment advices), has been deployed across 16 additional sites. In a few months, the volume of invoices thus covered rose from 32% to 62%. For the Group, this is a first step towards the creation of a shared services accounting center for all the divisions.

GROUP / PROCESS / DIGITAL

INDUSTRY 4.0: LISI REWARDED

LISI was rewarded three times in 2020 for the deployment of digital solutions in its factories, thus reinforcing the Group's strategic vision and its roadmap towards the plant 4.0. The LISI AEROSPACE plant at Saint-Ouen-l'Aumône received the 2020 Factory Trophy, awarded by the magazine *L'Usine Nouvelle* in the "Digital transformation" category for the deployment of its Fabriq platform. The deployment also enabled the Group to receive the 2020 Grand Prix for Digital Acceleration awarded by the BFM Business TV channel in the Industry 4.0 category, for its speed of implementation. Finally, LISI was also a finalist in the "People at the heart of Digital Transformation" category for the deployment of the ALUSTA solution.

Levers for action / Innovation

Industry 4.0

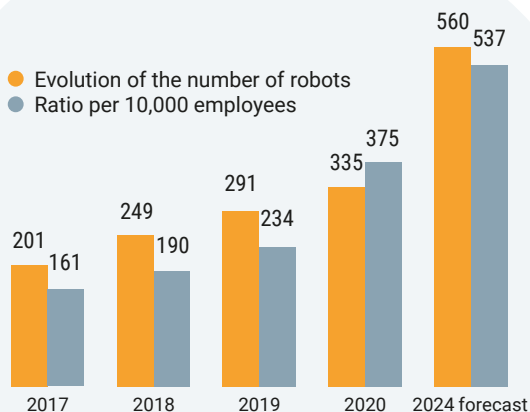
GROUP / INDUSTRY 4.0 / PERFORMANCE

FABRIQ, A COLLABORATIVE PLATFORM TO MANAGE WORKSHOPS

LISI has co-developed with a start-up a workshop management solution for Industry 4.0. The collaborative platform, Fabriq, improves the industrial performance of the sites where it is established. The number of problems solved is three times higher and the time saved on routines and dynamic audits reaches 50%. Fabriq is intuitive and therefore quickly picked up by operators, who become proactive and provide solutions. Its digital format appeals to the youngest and served as a web communication platform during the confinement period. In one year, this solution has been deployed in 22 factories and 5 countries.



● Evolution of the number of robots
● Ratio per 10,000 employees



In 2020, 44 new robots were commissioned in the Group's various plants, bringing the total number of polyarticulated robots to 335. LISI currently has a ratio of 375 robots per 10,000 employees, compared to 177 on average in the French industry (2019 statistics).

GROUP / INDUSTRY 4.0 / AUTOMATION

AUTONOMOUS PRODUCTION LINES

The deployment of autonomous production lines continued in 2020. Closed Door Machining technology, which enables equipment to run production programs on its own and to self-adjust in order to improve the quality of parts in real time, is operational at four of the Group's sites.

8H24M – 8 hours of human presence during the day for 24 hours of autonomous machine operation – makes it possible to stabilize a complete production process, so that human intervention is no longer necessary for an extended period of time. The machines become fully autonomous, from the feeding to the removal of the finished parts. Several LISI sites around the world now have these technologies.



Process



LISI AEROSPACE / PROCESS / AUTOMATION

EXTENSION OF THE RANGE OF OPTIBLIND™ FASTENERS

OPTIBLIND™ robotic blind fasteners constitute an essential technological brick for the future of the assembly of aerospace structures. They facilitate the assembly of the components of primary aircraft structures (wings, sections of fuselages) without having to access the interior of these sub-assemblies, as is the case today. These automated and very competitive fasteners eliminate a number of constraints linked to conventional assemblies in the design of these structures (weight savings, new geometries).

LISI AEROSPACE is now extending its range of OPTIBLIND™ fasteners to larger diameters – up to 12.7 mm – in order to address areas where mechanical constraints are even greater. Customer acceptance testing is under way on a wide range of mechanical resistances. The system should establish itself in the future as the system par excellence for assembling composite fuselages.

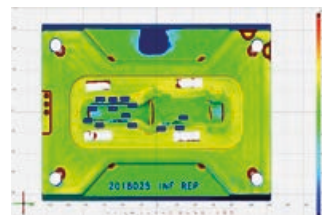
High-tech tools

Along with these extensions, LISI AEROSPACE's R&D teams are developing high-tech instrumented tools associated with OPTIBLIND™. Equipped with sensors and an algorithm that make it possible to analyze critical installation parameters in real time, these portable or robotic tools control each stage of the installation of the fasteners in a very precise fashion. This equipment is capable of communicating with the computer systems of assembly plants. It will offer reliable digital solutions for the future plants 4.0 of aerospace contractors.

LISI AUTOMOTIVE / VEHICLE OF THE FUTURE / PROCESS / INVESTMENT OF THE FUTURE

A DEMONSTRATOR FOR MULTI-MATERIAL FASTENERS

LISI AUTOMOTIVE has received financial support from Bpifrance to develop an industrial demonstrator and promote an innovative approach to multi-material assembly. The new fastening process combines laser texturing micro-machining with cold supersonic spraying of the Cold Spray type (cold metallization). The result is a robust assembly through additive manufacturing between two different materials (e.g. steels and aluminum alloys), at the most suitable location, without constraints of shape and geometry. This technique significantly reduces the carbon footprint of the assembly point while optimizing the amount of materials used.



LISI AEROSPACE / PROCESS / COMPETITIVENESS

IMPROVED STRENGTH OF FORGING TOOLS

Forging tools play a key role in the process of material deformation: their quality guarantees the conformity of the parts and their lifespan constitutes an important part of their cost price. Research is currently under way to increase the lifespan of these tools: analyzing the choice of materials, their heat and surface treatment, as well as using simulation to optimize the geometry and developing new means of repair. The objective is to double or even triple the lifespan of certain tools depending on the type of application, and thereby to slash costs.

Levers for action / Innovation

Development

**LISI AUTOMOTIVE / ELECTRIFICATION /
INVESTMENT FOR THE FUTURE**

EMBEDDED MECHATRONICS A NEW GENERATION OF LEAD SCREWS

LISI AUTOMOTIVE actively participates in the flow of innovations linked to the development of on-board mechatronics and the rise in vehicle electrification. The new generation of lead screws designed by the division thus allow the internal components of a car to move for the comfort of passengers, such as consoles for example. To support the mass production of these innovations, LISI AUTOMOTIVE benefits from €800,000 financial support from Bpifrance.



LISI AEROSPACE / DEVELOPMENT / MARKETS

A NEW RANGE OF HYDRAULIC FITTINGS

This range of products is new to LISI AEROSPACE and ensures the circulation of hydraulic fluids in the aircraft (at the landing gear and in the wings). These products are subjected to very high pressures (up to 206 bars for steel parts). They are installed permanently throughout the life of an aircraft (20 years) and are subjected to extreme tests during acceptance testing. They are manufactured by the American site of City of Industry (California) and were developed and tested in record time. Thanks to the digital tools used for design, validation and simulation, the complete range was actually finalized in just 20 months.



LISI AEROSPACE / ENVIRONMENT / PERFORMANCE

CONDUCTIVE COATINGS FOR AEROSPACE FASTENERS

Among the many properties of the coatings of an aircraft binding – friction to facilitate installation, corrosion resistance, and temperature resistance – electrical conductivity is involved in the grounding of the structural elements of the aircraft and in the evacuation of lightning currents. The solutions available today use coatings which must be eliminated for environmental reasons or are not compatible with all types of structure. They are therefore intended for niche markets.

LISI AEROSPACE conducted a research project in order to develop a coating with very low electrical resistance associated with the environmental performance which made the success of its HI-KOTE™ range. The new product, which has the desired level of resistivity, is compatible with metallic and composite structures and meets current and future environmental requirements. LISI AEROSPACE will offer this innovation on all of its fastening products.





Weight reduction

LISI AUTOMOTIVE / WEIGHT REDUCTION

INNOVATIVE ANTI-CREEP SOLUTIONS

The weight reduction of fastening systems also involves replacing the fasteners initially developed in steel with plastic or metalloplastic fasteners designed using digital simulation in order to obtain equivalent mechanical resistance. To avoid crushing them during installation by screwing, they are equipped with one of the anti-creep solutions developed by LISI AUTOMOTIVE.



LISI AUTOMOTIVE / WEIGHT REDUCTION / MULTI-MATERIAL ASSEMBLIES

LISI HOLLOWELD®: 2.5 G FOR A DURABLE BOND OF ALUMINUM AND STEEL

The weight reduction of vehicles is a priority for car makers and equipment suppliers. After reducing the thickness of the steel sheets, the strength of which is constantly increasing, the combination of materials of different densities is a major axis of research. The assembly of materials that are non-weldable together generally requires the implementation of light and mechanically strong intermediate parts. The LISI HOLLOWELD® hollow weld pin weighs no more than 2.5 g and allows can punch the hardest aluminum alloys (400 MPa) and then weld them by electrical resistance onto another steel sheet, with a mechanical strength exceeding 1,200 kg per point.



LISI AUTOMOTIVE / WEIGHT REDUCTION / MULTI-MATERIAL ASSEMBLIES / RECYCLABILITY

THE EBS SCREW: THE REMOVABLE MULTI-MATERIAL SOLUTION

With its new cutting-edge geometry, the fluorescent EBS tapping screw helps to punch a stack of different metal sheets forming a tapping with an ISO profile through plastic deformation. This removable solution makes it possible in particular to assemble steels and aluminum alloys, or aluminum alloys together, while guaranteeing the recyclability of the materials.

Levers for action

Operational excellence to gain trust

LISI SYSTEM

A TOOL OF EXCELLENCE

Key to the Group's collective industrial performance, LISI SYSTEM remains the benchmark for the management of operational excellence both within factories and support services. As a structuring factor, it guarantees the dynamics of continuous improvement that drives the LISI Group.



In the crisis that the Group was faced with in 2020, LISI SYSTEM proved to be an essential management support. By guaranteeing working methods, procedures and standards common to all units around the world, as well as by organizing the digitization of exchanges, it allowed a fair balance between rigor and flexibility, which was necessary to maintain the business during this degraded period. Finally, it facilitated the adaptation of teams to the new working conditions linked to COVID-19, allowing the Group to remain efficient and profitable.

A steering instrument extended to CSR issues

LISI has thus been able to stay the course and maintain its level of operational excellence by taking advantage of the continuous improvement efforts undertaken over the past ten years. LISI SYSTEM, which was expanded in 2019 to topics related to corporate social responsibility (CSR), now applies to these subjects the rigor and consistency of its approach to excellence, driven by its deployment of policies to serve these objectives. The Group thus meets its commitments to all of its partners, customers, employees, suppliers and shareholders.

LISI E-HSE

MEASURING AND MANAGING THE RISK

Risk management has always been a priority for the LISI Group. Since 2014, the company has relied on an internal improvement program dedicated to health, safety and environmental protection issues. Implemented under the name LISI Excellence HSE, it engages each employee towards the same ambition: to strive for excellence in all areas of the company's health, safety and environment strategy.

Designed to promote the emergence of a common culture of personal and collective risk management, the LISI E-HSE program is based on compliance with fundamental principles and the deployment of a set of tools aimed at the continuous improvement of our performance results. During the health crisis, the program proved its relevance by allowing the rapid adoption of the health protocols implemented across all of the Group's sites.

Auditing to protect

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. Such assessment, conducted by internal auditors, has 4 levels of maturity with increasingly high standards of requirement. Strongly impacted by the restrictions (border closures, confinement, etc.), the audit program planned for 2020 has been scaled back. In the context of the COVID-19 pandemic, specific audits were carried out in an extremely responsive manner to ensure the strict and immediate implementation of health measures on the sites.

Towards the ISO 45001 standard

The emergencies of the health crisis did not make us lose sight of our fundamental tasks. The year 2020 thus saw us prepare the transition from the OHSAS 18001 standard to ISO 45001. The new international standard, created in 2018, specifies the requirements of occupational health and safety management systems. To obtain the certification, scheduled for 2021, LISI has prepared a migration plan at the same time as the renewal of the ISO 14001 certification relating to environmental preservation.



A specific COVID-19 protocol

Throughout the year, reinforced health protocols have been deployed across all of the Group's sites in response to the development of the COVID-19 pandemic: recourse to teleworking when possible, systematic temperature reading at the entrance to the buildings, reinforcement of hygiene and disinfection measures at workstations, changing rooms and common areas, compulsory masks, physical distancing measures and reaction protocols in case of symptoms. Specific videos have been produced in each of the languages spoken within the Group to ensure a proper understanding of the health procedures and measures across all of the LISI Group sites.

2020 E-HSE REPORT

14
BRONZE PLANTS
38%
OF THE SITES

6.91 / TF1

FREQUENCY RATE OF ACCIDENTS WITH AND WITHOUT WORK STOPPAGE OF LISI EMPLOYEES AND TEMPORARY WORKERS PER MILLION HOURS WORKED

5.06 / TF0

FREQUENCY RATE OF ACCIDENTS WITH WORK STOPPAGE OF LISI EMPLOYEES AND TEMPORARY WORKERS PER MILLION HOURS WORKED

_ Levers for action / Operational excellence

LEAP PROGRAM

ENCOURAGING INDUSTRIAL EFFICIENCY

The LEAP program is deployed within the framework of the LISI SYSTEM, of which it is a key element. It is entirely dedicated to industrial performance. It is based on proven tools and methods that improve safety, customer service rate, productivity and increase quality.

For several years, LEAP has enabled factories to increase their rigor through the deployment of organizational systems, such as the organization in Units and Autonomous Production Groups (UAP/ GAP), of Lean management standards (A3 strategic plans, daily management routines such as Problem Solving Management, 5S), as well as specific tools (TPM, completion of Smed or Kaizen events projects, implementation of pull flows). All these approaches contribute to improving the flexibility and productivity of LISI's plants.

A major asset during the crisis

This optimization of operating methods was initiated several years ago and has proven to be a major asset during the health crisis, allowing the Group to adapt and remain operational. The LEAP program has indeed encouraged the rapid implementation of the necessary organizational changes, and has made it possible to adjust the workforce on the production lines and to optimize inventory management to respond to significant fluctuations in demand. Carried out within the framework of proven procedures, this adaptation phase made it possible to preserve the financial results and the Group's ability to bounce back.





COS PROGRAM

OPTIMIZING MANAGEMENT PROCESSES

The deployment of the Controlling Operating System (COS) program has been severely disrupted by the advent of COVID-19. However, the crisis has played a catalytic and accelerating role in spreading economic awareness to all levels of the organization. Here again, the Group has demonstrated a great capacity for adaptation and resilience thanks to the agility of its management processes.

Preserving financial balances

A rapid and appropriate response was indeed provided at each site. These measures – workforce adjustment, lower fixed costs, inventory optimization, recovery of trade receivables, etc. – have made it possible to preserve and even strengthen the Group's major financial balances. A pillar of the NEW DEAL plan, the COS program also actively facilitates the Group's adaptation to new market conditions while ensuring its growth, so as to capture the opportunities that may arise in the various markets in which LISI operates. All of the actions undertaken in the Resizing



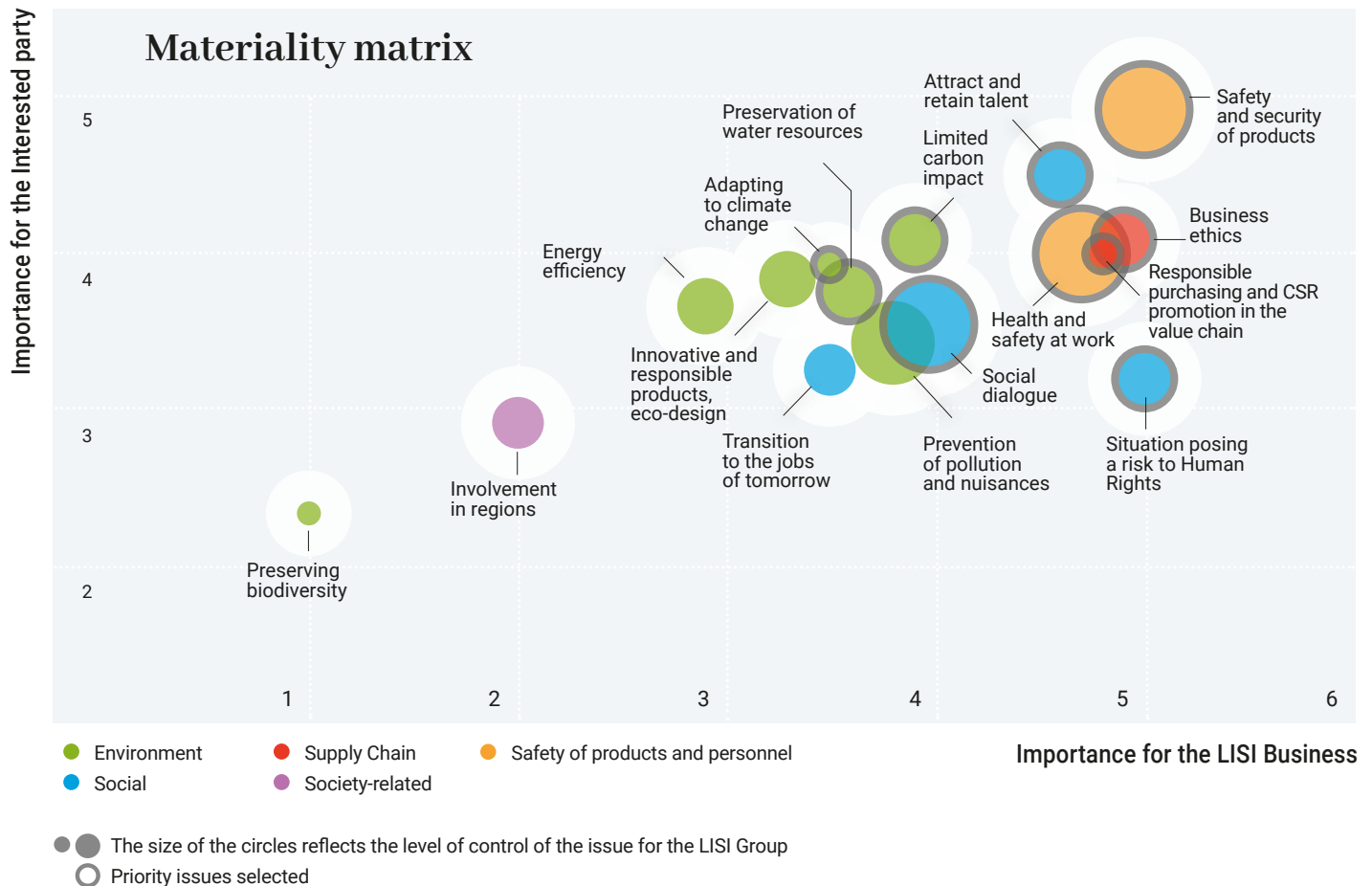
A pillar of the NEW DEAL plan, the COS program also actively facilitates the Group's adaptation to new market conditions. 📌📌

plan component (see page 31) are therefore fully in line with the framework and objectives of the COS program. The latter has demonstrated its robustness and the relevance of its content in a complex and volatile environment.

Levers for action

Pursuing sustainable growth





An approach that is part of the Group's 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, five strategic axes were defined in terms of social responsibility. The CSR objectives were included in the Group's strategy in 2020, thus raising the importance attached to its extra-financial and financial performance to the same level.

Recent events linked to the COVID-19 pandemic in 2020 have not called into question either the approach or the objectives set. On the contrary, the crisis will have given full meaning to the duty of responsibility to which LISI is committed.

_ Levers for action / Sustainable growth

Investing to energize the territories

Since its inception, LISI has contributed, through its actions and investments, to the dynamism, social, economic and cultural development of the territories in which it is established. In France, as abroad, the investments made and the jobs they generate locally orient infrastructure, modernize neighborhoods and cities and redesign landscapes.

AUTOMATION / UNITED STATES

TORRANCE PURSUES ITS ROBOTICS PROGRAM

LISI AEROSPACE's Californian site at Torrance has acquired two closed-loop numerical control (CNC) machining cells. These machines, used to produce standard screws or studs, allow operators to drive up to four machines at the same time, improving productivity, reducing costs and increasing competitiveness. The investment program will continue in 2021 with the installation of loading robots.





DEVELOPMENT / NEW PRODUCTS / FRANCE

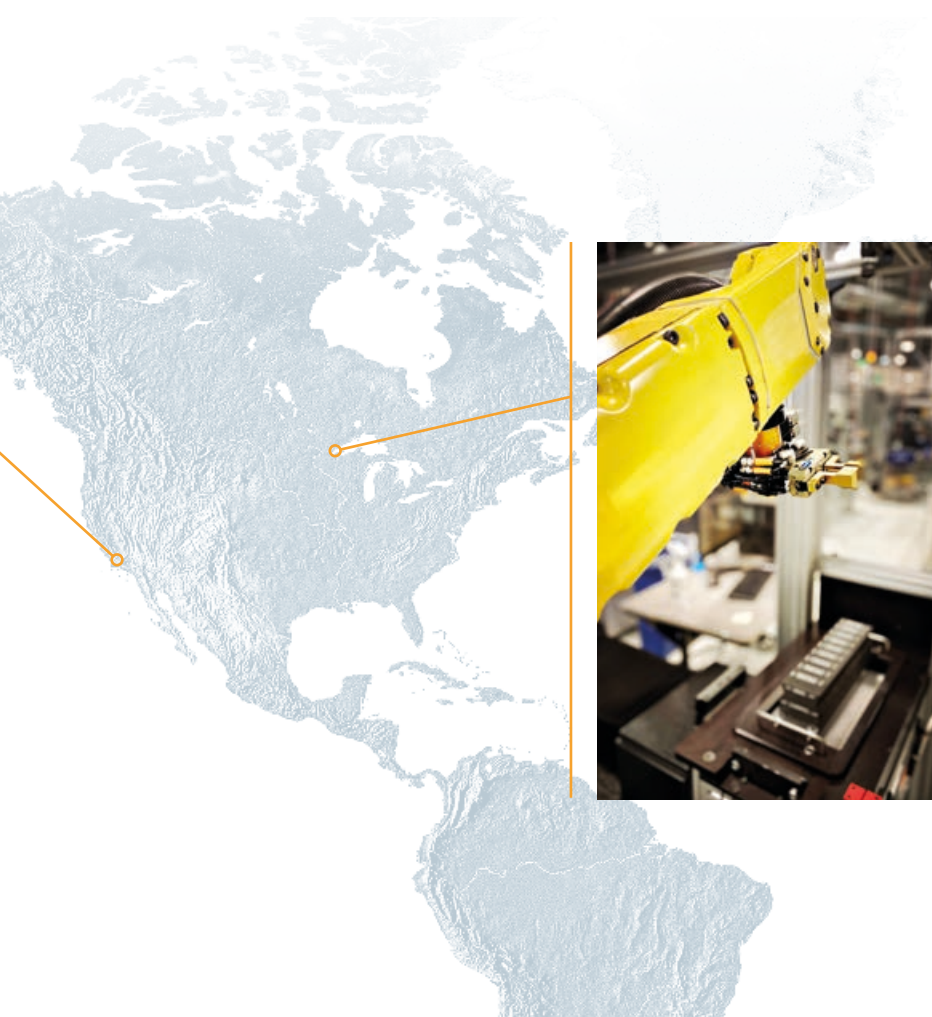
DELLE CONTINUES ITS MODERNIZATION

LISI AUTOMOTIVE's plant at Delle is redirecting its production towards high added value parts for electric vehicles such as lead screws (see also p. 36). These actuators ensure power transmission between the various electric engines in the cockpit (mechatronics) and the components to be set in motion (seats, screens, etc.). This transformation comes along with a major automation program. The investment benefits from aid from the French State as part of the automobile industry recovery plan.

MODERNIZATION / GERMANY

NEW GENERATION OF PRESSES AT HEIDELBERG

LISI AUTOMOTIVE's plant at Heidelberg is investing in a new generation of multi-station folding and forming presses in order to increase the site's capacity, as well as its efficiency and flexibility. These two new presses have produced more than 23.5 million parts since their commissioning. This renewal of the machine fleet continues with the first ever collaboration with an Asian press manufacturer.



AUTOMATION / UNITED STATES

BIG LAKE AUTOMATED MILLING CENTERS

LISI MEDICAL's site at Big Lake deployed three fully automated machining units this year. These units, made up of nine milling machines, three robots, and an automated CMM (Coordinate Measuring Machine), can operate on a 24x7 basis with minimal human intervention. This standalone manufacturing approach improves workstation ergonomics and enables the delivery of high-quality components at the lowest cost.



Levers for action / Sustainable growth

MODERNIZATION / GERMANY

COMMISSIONING OF A HEAT TREATMENT LINE AT KIERSPE

The new heat treatment line at LISI AUTOMOTIVE's plant in Kierspe, Germany, was installed in 2019 and commissioned this year. Equipped with a pass-through furnace with a capacity of 800 kg/hr, it reduces the external subcontracting of heat treatment. The furnace and the washing machine are fed directly by the three cold heading machines by automatic conveyors allowing the unit to take out a finished product without any intermediate handling.



AUTOMATION / FRANCE

AUTOMATED MONITORING OF HIP PROSTHESES

LISI MEDICAL's site at Hérrouville-Saint-Clair is equipped with an automated unit for laser marking and monitoring and identification by camera of the hip prosthesis stem. It allows loading in batches of 60 pieces and unloading directly to the final cleaning line before packaging in a controlled atmosphere room.



DEVELOPMENT / NEW PRODUCTS / FRANCE

MÉLISEY FOCUSES ON MECHATRONIC PARTS

LISI AUTOMOTIVE's site at Mélisey is continuing to invest in seat mechanism components. Selected in 2018 by a major parts manufacturer to supply the pinion of an electronic seat raising system, LISI AUTOMOTIVE offered cost reduction solutions. The geometric details offered by LISI AUTOMOTIVE also made it possible to meet the requirements for fatigue resistance and resistance to the crash test.

DEVELOPMENT / NEW PRODUCTS / MOROCCO

THE TANGIER AUTOMOTIVE UNIT CONTINUES ITS DEVELOPMENT

LISI AUTOMOTIVE's autonomous production unit at Tangier is expanding. Designed to supply the Moroccan sites of PSA and parts manufacturers SEWS, LEAR and LEONI with cable ducts and plastic components, the 2,200 m² building is equipped with six injection presses of 130 to 450 tons, five manual assembly stations and an automatic assembly machine. The automotive unit currently has 25 employees and targets sales of €2.5 million in 2021. It is housed by the aerospace unit in the same buildings before a move to allow for its future expansion.



Levers for action / Sustainable growth



CSR strategy

Promoting collective commitment in five areas

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 cultures and finally remain pragmatic by adopting realistic solutions.

For each of these areas, the LISI Group has set short-term (2020/2021), medium (2023) and long-term (2030) objectives.

Gaïa Index: LISI stands out for its CSR strategy



The Gaïa Index was created in 2009. It assesses the environmental, social and governance performance of companies every year in order to guide responsible investors in their investment decisions. With an overall score of 77/100, the LISI Group outperforms in the four areas analyzed by the Gaïa Index: Governance, Social, Environment and External Stakeholders. For 13 out of the 16 criteria evaluated by the Index, LISI does better than the average of the benchmark panel. This year, the Group stands out in particular for the quality of its CSR policy, its social policy and its environmental approach in the "water, air, soil and waste" category; for these criteria, it obtains a score of 100/100.

AREA #1

HEALTH AND SAFETY AT WORK: ACHIEVING EXCELLENCE



UN Sustainable Development Goals

For LISI, the health of each employee is a priority. By controlling the risks associated with manufacturing processes and working environments, the Group ensures that each employee returns home in good health. Excellence in occupational health and safety and reducing accidents to a minimum are clearly performance factors for the company.

The 2030 vision: achieving HSE excellence

By relying on the LISI E-HSE program (see p. 39), the Group is doing everything it can to control its risks and improve working conditions in order to reduce accidents at its sites. LISI undertakes to achieve a TF1* of less than 5 and to eliminate the arduous nature of the work positions.

The progress accomplished in 2020

LISI is continuing its efforts to reduce accidents. The set objective of having fewer than eight work accidents with or without lost time per million hours worked has been achieved (TF1* at the end of 2020 = 6.91). The tools and actions of the LISI E-HSE program combined with the involvement of all supervisory and non-supervisory employees contribute to the achievement of these results. During the health crisis, the responsiveness and commitment of the teams made it possible to stay the course and guarantee the health and safety of employees. The satisfactory results obtained this year will have to be confirmed in 2021 before reaching the long-term objective.

The next steps

By 2023, 100% of the Group's personnel will undergo at least one safety training each year. 100% of significant risks are covered by an action plan. And no more sites will have a TF1* greater than 10.



Highlights

The Group's adaptation to the COVID-19 crisis required mobilizing the teams to supply all sites with protective equipment and to ensure the implementation and compliance with health protocols. Reassuring the teams, defining and implementing the measures that make it possible to be protected and to work in complete safety were everybody's priority.

* TF1 = Frequency rate of accidents with and without work stoppage of LISI employees and temporary workers per million hours worked.

_ Levers for action / Sustainable growth

AREA #2

ENVIRONMENTAL FOOTPRINT: REDUCE THE IMPACT



Water and fossil fuel resources are dwindling on the planet. Consequently, the costs associated with the purchase of raw materials and energy increase. While stakeholders are increasingly interested in these environmental issues, particularly the carbon impact, improving the environmental footprint of industrial activities is now a necessity. Ambitious targets for reducing the environmental footprint have been set for 2030.



_ The 2030 vision: limiting the environmental footprint

Between 2020 and 2030, LISI is committed to significantly reducing its environmental footprint:

- 30% greenhouse gas emissions,
- 10% energy consumption,
- 20% use of renewable energy.

_ The progress accomplished in 2020

The year's business was strongly impacted by the economic and health crisis. LISI had to adapt its organization to reduce its water and energy consumption during these periods of slower business while guaranteeing the safety of the manufacturing processes and the quality of the products.

Quantities consumed per €1,000 of added value:

- 4% energy consumption vs 2018,
- 13% water savings vs 2018,
- 15% waste production vs 2018.

_ The next steps

By 2023, LISI will have reduced its consumption enough to no longer depend on water resources in areas of water stress. By this time, the Group will also have reduced its energy consumption by 5% compared to 2020; 10% of this energy consumed will be of renewable origin.

Highlights

INNOVATIONS TO REDUCE ENERGY CONSUMPTION

In Q1 2020, the LISI AUTOMOTIVE site in Delle completed the heat recovery project from the heat treatment furnace. The objective was to heat the baths of the parts-washing machines from the heat generated by these furnaces. This allows saving 700 MWh per year and 125 tons of CO₂ per year.

INNOVATIONS TO REDUCE WATER CONSUMPTION

LISI AUTOMOTIVE's site at La Ferté-Fresnel has set up an evapo-concentrator that can treat the wastewater from its surface treatment facilities so that the water can be reused. The site will thus be able to reduce its water consumption by nearly 63,000 m³ per year.

LISI: 2021 CLIMATE CHAMPION

The "Climate Champions" ranking published by *Challenges* and produced with Statista details the annual reduction in companies' greenhouse gas emissions.

LISI ranks 52nd.

This reduction was calculated over several years and compared to the evolution of sales, then transformed into a percentage of annual reduction in emissions.

AREA #3

RETAINING OUR TALENTS AND STRENGTHENING THE ATTRACTIVENESS OF OUR BUSINESS LINES



■ The trades and skills expected within the industry are evolving more and more quickly. The LISI Group must therefore ensure the employability of its employees. It also has a role to play in the diversity and quality of its employees' life at work.

— The 2030 vision: developing an agile and collaborative organization

By 2030, LISI wishes to promote the commitment of its employees, in particular through well-being at work and mobility possibilities. The Group intends to develop a more agile and collaborative organization, relying on greater diversity and strengthening work in communities. To succeed, LISI must anticipate changes in the work and professions of tomorrow by focusing, among other things, on the development of skills through continuous learning.

— The progress accomplished in 2020

The health situation has accelerated the availability of new tools, new ways of working together with the development of teleworking and the deployment of collaborative platforms, such as Fabriq (see p. 34).

These new tools improve teamwork and facilitate communication in plants and offices, face-to-face and remotely.

— Training: priority to the maintenance and development of skills

- The teams have adapted the training offer to the exceptional situation of 2020, by offering remote training (e-learning or virtual classes, etc.). The Group continued to develop specific career paths focused on its strategic businesses.
- Some plants are now equipped with a digital tool in order to better manage the multiple skills and versatility of the teams. This tool provides insight into the global, available, critical skills, to anticipate training actions and the renewal of authorizations.
- Work on the installation of the LISI Knowledge Institute (LKI) corporate university at Grandvillars continued in parallel. The site will host its first training sessions in early 2021.
- Finally, the LISI Group continued its efforts to improve well-being at work for all employees. Each site sets up specifications and proposes initiatives locally.

The survey on the quality of life at work, as well as a "post-COVID" survey, collected employee feedback on the actions implemented by LISI to manage the health crisis, among other things. The average satisfaction rate for these two surveys in 2020 is 84% (77% in 2019).

— The next steps

By 2023, LISI will have aligned the male / female distribution within management bodies to the right proportion of the Group, i.e. 22% of women. The Group also wants to bring the consolidated absenteeism rate to less than 2.9%. Its ambition: to be recognized among the best employers in its industry.

Highlights

100,424 hours

of training were provided in 2020

€3 million invested in training

84% satisfaction rate in the quality of life at work survey

_ Levers for action / Sustainable growth

AREA #4

GUARANTEEING CUSTOMER SATISFACTION THANKS TO THE EFFICIENCY OF OUR PROCESSES



UN Sustainable Development Goals



_ The 2030 vision: "zero customer returns", "zero delivery delays" target

By 2030, LISI intends to ensure constant quality and traceability of its products in order to achieve maximum satisfaction. It aims to achieve "zero customer returns", "zero delivery delays", by focusing in particular on digital traceability and compliance methods.

_ The progress accomplished in 2020

In order to guarantee the sustainable satisfaction of its customers, the LISI Group relies on the robustness of the LISI SYSTEM and its structuring programs, such as LEAP, LISI Excellence HSE and COS (see p. 40-41). LISI and its customers pay particular attention to the environmental impact of the products they place in the market. To reduce this impact, LISI designs lighter parts, with the lowest environmental

— The quality of the products manufactured by LISI is an absolute priority for the Group. It guarantees the safety and comfort of end users in air transport, in the automotive industry and in the health sectors where LISI operates, such as surgery or orthopedics. It consolidates the loyalty of major customers and conditions the future of the Group. This is why the manufacturing processes implemented in each unit must be as efficient as possible, in order to guarantee this level of satisfaction in terms of safety, quality, cost and deadlines in a sustainable manner.

footprint possible. Finally, quality certifications have been maintained across 100% of production sites within the LISI Group's various divisions:

- LISI AEROSPACE is certified according to the EN 9100 standard,
- LISI AUTOMOTIVE is certified according to the IATF 16949 standard,
- LISI MEDICAL is certified according to the ISO 13485 standard.

_ The next steps

By 2023, LISI is committed to reducing non-critical incidents and the cost of internal non-quality by 10%.

Highlights

LISI has succeeded in managing the impact of the constraints and health precautions taken across all of the Group's plants. The mobilization, involvement and versatility of the teams made it possible to deliver all the orders on time and at the expected level of quality. Several of the Group's major customers once again recognized LISI's performance in terms of quality and service.

AREA #5

COMMITTING TO A RESPONSIBLE SUPPLY CHAIN



UN Sustainable Development Goals

In a context where securing the entire supply chain is becoming a decisive commercial and strategic issue vis-à-vis LISI's major customers, the Group must ensure that its suppliers comply with the social responsibility standards and criteria that it has set for itself. The Group's CSR commitments extend across its entire value chain. This is why the LISI Group is committed to securing its supply chain in an ethical and responsible manner. It wishes to guarantee its customers the compliance of its suppliers in terms of labor law, health and safety, the environment and commercial ethics.



The 2030 vision: rating 100% of strategic suppliers

By 2030, LISI wishes to assess 100% of its strategic suppliers from a societal and environmental point of view. Eventually, only suppliers meeting the CSR criteria defined by the LISI Group will remain on our lists. Management tools will be used to support suppliers in this selection phase.

The progress accomplished in 2020

The new Group Purchasing organization (TOP) has integrated CSR objectives into its roadmap. It has drawn up an action plan to achieve the objectives set as of 2023.

This action plan includes:

- Updating LISI contractual frameworks specifying CSR requirements to its suppliers.
- Creating a supplier assessment questionnaire consolidated at Group level and which takes into account criteria of performance, quality and social and environmental responsibility.

- Assessing strategic suppliers according to these new criteria and its inclusion in supplier choices.
- Technological monitoring of the tools and external solutions that facilitate the evaluation and management of our suppliers in terms of CSR.

The next steps

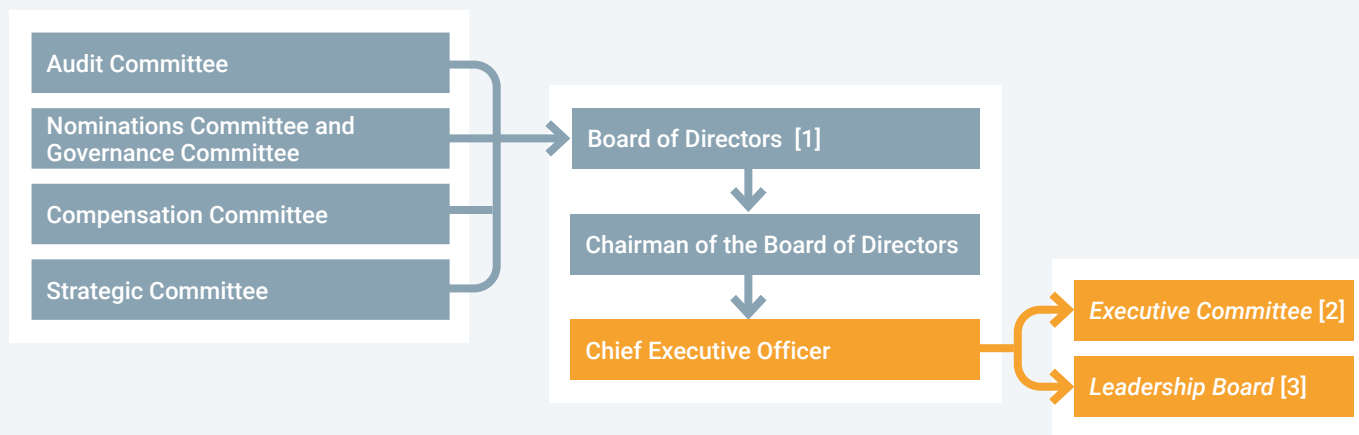
By 2023, LISI will analyze the position of its suppliers with regard to its own ethical, societal and environmental criteria. These criteria will be applied in the choice of the most strategic suppliers.

Highlights

In 2020 LISI deployed a new Purchasing organization with the establishment of commodity managers at the level of the Group and its divisions. The organization, coordinated within the Group's central services, will increase Purchasing expertise on certain commodities deemed to be strategic. The tools and management methods implemented will improve interactions with suppliers, involve them in the long term and determine with them the areas for improvement that will guarantee a competitive supply chain in compliance with the ethical and societal responsibility criteria that the Group has set for itself.

4 IMPLEMENTATION

The LISI Group is organized in such a way as to create favorable conditions for its development in compliance with the rules of good governance. It is structured around three complementary decision-making bodies: the Board of Directors, the Executive Committee and the Leadership Board.



56	THE BOARD OF DIRECTORS
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61	THE MAIN RISKS



THE BOARD OF DIRECTORS

Since 2011, LISI has been abiding by the AFEP-MEDEF Corporate Governance Code.

The Board of Directors ensures compliance with the AFEP-MEDEF Code while remaining mindful of its balanced composition and the effectiveness of its work through the diversity and skills of its members.

As of the early 2000s, the LISI Group opened up to the presence of independent directors and set up its first specialized committees. Then in the middle of the same decade, it organized itself so that his Board of Directors would reflect as best as possible the structure of its shareholders.

8
MEETINGS
IN 2020
98%
PARTICIPATION
RATE

COMPOSITION
16
members,
who bring
together leading
managerial,
industrial and
financial skills

**BOARD OF DIRECTORS
AS AT DECEMBER 31, 2020**

9 Family group
directors

3 Independent
directors

2 "Qualified person"
directors*

2 Directors representing
employees

* Independent directors
with a term of more than
12 years.

[1] BOARD OF DIRECTORS

		Independent Director	Administrator employee
Board member	Gilles KOHLER		
Chairman of the Board of Directors			
Board members	Isabelle CARRÈRE		
	Patrick DAHER	●	
	Emmanuelle GAUTIER	●	
	Capucine KOHLER		
	SAS CIKO represented by Jean-Philippe KOHLER		
	Pascal LEBARD		
	Lise NOBRE	●	
	FFP Invest represented by Christian PEUGEOT		
	Compagnie Industrielle de Delle represented by Thierry PEUGEOT		
	Marie-Hélène PEUGEOT-RONCORONI		
	Véronique SAUBOT	●	
	VIELLARD MIGEON & Cie represented by Cyrille VIELLARD		
	Emmanuel VIELLARD		
	Mohamed EZZENZ – shareholder representing employees		●
	Laurent GUTIERREZ – shareholder representing employees		●
Secretary of the Board of Directors	Cécile LE CORRE		

■ In order to improve its efficiency, the Board is assisted by 4 Committees:

- _ Audit Committee
- _ Nominations and Governance Committee
- _ Compensation Committee
- _ Strategic Committee.

10
MEETINGS
IN 2020

100%
PARTICIPATION
RATE

As a follow up on the remarks resulting from the Board's latest self-assessment questionnaire, efforts were made in 2020 to deal with the Group's major challenges and strategic orientations, which are the subject of a specific annual meeting.

The decision made in 2020 to merge the Governance Committee and the Nominations Committee to form only one Committee, is also noteworthy. The latter, which held its first meeting in February 2021, examined the composition of the Board with the objective of strengthening its expertise. Its work, validated by the Board of Directors, resulted in the candidacies of two new members who will be submitted to the votes of the shareholders at the General Meeting of the LISI Group in 2021 ruling on the accounts for the 2020 financial year.

Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer

Since February 2016, the Board has chosen to separate the functions of Chairman of the Board of Directors and Chief Executive Officer. This decision had two main objectives: ensure a "smooth" succession process and strengthen the dynamism of the Group through rejuvenated management and the organization of the Executive Committees surrounding the Chief Executive Officer and the Deputy Chief Executive Officer, extended to new functions and notably including more women in management positions.

During that same meeting, the Board of Directors decided to appoint a lead director and to position him as Vice-Chairman of the Board with the mission of helping the Chairman on governance issues.

Two new salaried directors

Since autumn 2020, two directors representing employees have joined the Board, the first one appointed by the Group Committee and the second one by the European Works Council. Their membership in the two major divisions of the LISI Group – aerospace and automotive – enables the Board's expertise to be supplemented by "field" skills.

All these achievements show that governance and management issues remain at the heart of the concerns of the Board and its Committees, both in their composition and in their organization, always with the goal of improving the performance of the LISI Group in all its aspects.

THE COMMITTEES

AUDIT COMMITTEE

Member of the Audit Committee: Chairperson of the Audit Committee	Lise NOBRE
Audit Committee members	Isabelle CARRÈRE
	Emmanuelle GAUTIER
	Cyrille VIELLARD

COMPENSATION COMMITTEE

Compensation Committee member Chairman of the Nominations Committee	Patrick DAHER
Compensation Committee members	Thierry PEUGEOT
	Véronique SAUBOT

STRATEGIC COMMITTEE

Strategic Committee member Chairperson of the Strategic Committee	Véronique SAUBOT
Strategic Committee members	Capucine KOHLER
	Gilles KOHLER
	Jean-Philippe KOHLER
	Pascal LEBARD
	Lise NOBRE
	Christian PEUGEOT
	Emmanuel VIELLARD

NOMINATIONS COMMITTEE

Nominations Committee member Chairman of the Nominations Committee	Thierry PEUGEOT
Nominations Committee members	Patrick DAHER
	Gilles KOHLER
	Marie-Hélène PEUGEOT-RONCORONI

GOVERNANCE COMMITTEE

Governance Committee member Chairman of the Governance Committee	Gilles KOHLER
Governance Committee members	Lise NOBRE
	Marie-Hélène PEUGEOT-RONCORONI

THE MANAGEMENT BOARD

[2] EXECUTIVE COMMITTEE

Composed of 8 members (●) representing the Group General Management and the three division directors. Its role is to share all the operational and strategic decisions of the Group.

[3] LEADERSHIP BOARD

Composed of 23 members representing the key functions of each of the Group's divisions and General Management. The Leadership Board defines and implements the Group's operational strategy.

LISI



Emmanuel VIELLARD ●
Chief Executive Officer
of LISI



Jean-Philippe KOHLER ●
Deputy CEO



Christian DARVILLE
Senior VP Administration
& Strategic Development
North America



Christophe LESNIAK ●
Senior VP Industrial &
Purchasing Manager



Raphaël VIVET ●
Financial Director



Cécile LE CORRE ●
Secretary of the Board
of Directors



Anne-Delphine BEAULIEU
Senior VP Digital
Transformation

LISI AEROSPACE



Emmanuel NEILDEZ ●
Chief Executive Officer
of LISI AEROSPACE



Cédric DEJEAN
Senior VP General
Manager
Business Group
Fasteners Europe



François-Xavier DU CLEUZIQU
Senior VP General
Manager
Business Group
Structural Components



Bénédicte MASSARÉ
Senior VP Finance



Yannick MORVAN
Senior VP Quality &
Performance



Michael REYES
Senior VP General
Manager
Business Group
Fasteners North
America

LISI MEDICAL



Jean-Marc DURANO ●
CEO of LISI MEDICAL



Marie-Georges BOUCHET
Chief Quality &
Regulatory Affairs
Officer



Gilles OBRECHT
Chief Financial Officer



Lionel RIVET
Chief Operating Officer

LISI AUTOMOTIVE



François LIOTARD ●
Chief Executive Officer
of LISI AUTOMOTIVE



Martin BELEY
Senior VP General
Manager
Business Group
Safety Mechanical
Components



Eric FERNANDEZ
VP Excellence System
& Operational Support



Thierry JULIAT
Chief Financial,
Marketing & Strategy
Officer



Christophe MARTIN
Senior VP General
Manager
Business Group
Threaded Fasteners



Vincent QUINAUX
Senior VP General
Manager
Business Group
Clipped Solutions

THE REMUNERATION POLICY

At LISI, remuneration is closely linked to the performance of the company and to collective and individual achievements. The remuneration system is designed to reconcile recognition of individual performance and the search for internal fairness, while taking into account the local economic environment.



Corporate officer managers' remuneration

For several years already, LISI has implemented a three-part remuneration policy for the Group's executive officers:

- Fixed annual remuneration that is subject to regular benchmarking.
- Variable annual remuneration linked to financial and extra-financial criteria.
- A long-term incentive scheme in the form of an allocation of shares subject to performance conditions, linked to the creation of value: the RNA (Revalued Net Assets).

This policy is applied throughout the Group with a structure and ratios adapted to the different levels of management responsibility.

Chairman of the Board's remuneration

Not being one of the executive officers, the Chairman of the Board of Directors has only received, since January 1, 2019, remuneration in the form of attendance fees in his capacity as Chairman of the Board of Directors and member of the Committees.

He receives no other compensation.

Executive officer managers' remuneration

The Chief Executive Officer and the Deputy Chief Executive Officer receive remuneration according to the structure described opposite. It should be noted that the annual variable part and the part subject to performance conditions prevail in the budgeted remuneration.

In 2021, the Board of Directors, on a proposal from the Compensation Committee, introduced for the first time CSR criteria in the annual variable remuneration of executive directors.

Fairness ratios

In 2020, on French territory, the fairness ratios between the level of remuneration of executive corporate officers (Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer) and average employee remuneration amounted respectively to 1.5 / 14.4 / 12.2.

Gender equality index

In 2020, all LISI Group sites obtained a score above 75% on the professional equality index between women and men relating to pay differentials.

THE MAIN RISKS

■ The Group is committed to a convergent risk management process. After conducting a process to identify and inventory risks at production site level, the Group consolidates all the risks to which it is exposed in a matrix that displays the probability of occurrence and the level of severity. The risks are then prioritized. Each significant risk identified is the subject of a periodically reviewed mitigation plan or specific insurance coverage.

OPERATIONAL

Risks related to innovation, competitiveness and competitive positioning

- Failure related to new product developments
- Rising competitive pressure
- Risk on the intellectual property of new products offered by the divisions

Quality-related risks

- Quality crisis on products manufactured by LISI or its suppliers

Risks related to the industrial footprint

- Relocation of the facilities of certain production sites

Compliance risks

- Internal environmental risks: fires, pollution, noise pollution
- Health and safety at work risk

Risks related to procurement and production

- Failure of subcontractors or suppliers disrupting production cycles

EXTERNAL ENVIRONMENT

Pandemic risks

- Market shutdown following a health crisis
- Client or supplier bankruptcy due to the health crisis
- Lack of skills in a context of departures due to the health crisis

Risks related to market trends

- Sharp decline in the automotive market due in particular to environmental standards in terms of CO₂ emissions
- Decrease in customer order book and/or risk of marginalization after phases of consolidation or re-internalization at customers

Geopolitical, climatic, tax, and currency risks

- Sites located in seismic zones, and / or subjected to violent climatic events
- Currency and interest rate risks
- Political instability

Risks associated with cybercrime



2020

PERFORMANCE RESULTS

64 LISI AEROSPACE
68 LISI AUTOMOTIVE
72 LISI MEDICAL

KEY PERFORMANCE INDICATORS

		2019	2020
INNOVATION	Number of inventions (per year)*	nc	16
OPERATIONAL EXCELLENCE	Number of robots per 10,000 employees	234	375
	Net industrial investments (€ M)	€116.8 million	€72.6 million
	Net industrial investments (% of sales)	6.8%	5.9%
HEALTH AND SAFETY AT WORK	Number of training hours in the HSE field	47,393 hrs	33,848 hrs
	Frequency rate of accidents with lost time (LISI employees and temporary workers)	6.83	5.06
	Frequency rate of accidents with and without lost time (LISI employees and temporary workers)	9.01	6.91
ENVIRONMENT	Water consumption (m³ / € '000 of added value)	0.851 m³	0.956 m³
	Energy consumption (MWh / € '000 of added value)	0.513 MWh	0.622 MWh
	Waste production (kg / € '000 of added value)	45.8 kg	50.48 kg
	"Scope 1" direct GHG emissions (Ton CO ₂)	40,989 t	34,375 t
	"Scope 2" indirect GHG emissions (Ton CO ₂)	65,542 t	54,577 t
ATTRACTIVENESS	Satisfaction rate for quality of life at work surveys	77%	84%
	Absenteeism	3.41%	4.41%
	Churn rate	6.19%	5.34%
	Rate of women in the workforce	22%	23%
	Rate of women in management bodies	17%	23%
	Number of training hours	179,165 hrs	100,424 hrs
CUSTOMER SATISFACTION	% of EN 9100 and NADCAP certified sites for LISI AEROSPACE	100%	100%
	% of IATF 16949 certified sites for LISI AUTOMOTIVE	100%	100%
	% of ISO 13485 certified sites for LISI MEDICAL	100%	100%
RESPONSIBLE SOURCING	These indicators are under construction		
FINANCIAL PERFORMANCE	Sales (€ M)	€1,729 million	€1,230 million
	EBITDA (€ M)	€273.2 million	€166.7 million
	EBITDA margin (%)	15.8%	13.6%
	EBIT (€ M)	€155.1 million	€41.5 million
	Operating margin (%)	9.0%	3.4%
	Free cash flow (€ M)**	€101.5 million	€109.4 million
	Net debt	€332 million	€221 million
GOVERNANCE	Average attendance rate at meetings of the Board of Directors	84%	98%
	Number of Board of Directors meetings	7	8
	Average attendance rate at Committee meetings	95%	100%
	Number of Committee meetings	9	10


* First filing of an invention either in the form of a Soleau envelope, or in the form of a first patent filing.

** Net operating cash flow minus net CAPEX and changes in working capital requirements.

LISI AEROSPACE





The division's fine balance between our client portfolio on the one hand and our business on the other puts us in a favorable position to benefit from the recovery. 

INTERVIEW

EMMANUEL NEILDEZ

CEO, LISI AEROSPACE



How did the aerospace sector behave in 2020?

Global aerospace has been affected by two major events. First of all, the suspension of the production of the Boeing 737 Max, which was officially notified at the end of January. We were impacted on our direct deliveries from our base in North America and on parts, such as leading edges, intended for the LEAP engine for our client Safran.

The COVID-19 crisis broke out two months later. Just a few days after the lockdown was announced, production dropped very clearly in Europe. The US followed suit the following week. We had to close our factories for about a week, the time for us to specify our procedures and health standards and to deploy them across our sites in order to preserve the safety of our employees.

How did you deal with the crisis?

LISI AEROSPACE experienced contrasting rates of fall in activity depending on the sectors, each one having its very own industrial model. The Structural Components business, which includes forged and hot-formed parts for aircraft engines and aerostructure, is characterized by a short supply chain. Demand for this sector fell sharply: the fall in activity reached around 70% in Q2.

The recovery started relatively quickly, although demand is still far below the pre-crisis level. The production of our sites has been resynchronized with those of our customers since January 2021. The pace should gradually accelerate, and then pick up sharply from 2022.

€663.4 m

2020 SALES

54%

AS A % OF GROUP SALES

5,504

EMPLOYEES AROUND
THE WORLD

LISI AEROSPACE



Renewal of contracts and market share gains

LISI AEROSPACE secures several key contracts in 2020. First with Airbus Helicopters, which renews the agreement on fasteners with market share gains. In June, with Safran Aero Boosters, which extended the existing contract to compressor blades, a major event for the division. Then with General Electric, for the manufacture of compressor blades intended for replacement (Maintenance, Repair and Overhaul). Then in October with Airbus, with the renewal of the safety latches and security locks, then, in December, with Boeing, for the execution of the fasteners contract: the division will provide nearly 6,000 references for all of the aircraft manufacturer's commercial programs (737, 747, 767, 777 and 787). This year, the division also took positions in structural components in the defense sector.



On the other hand, the supply chain for the fasteners business is much longer. It works in spurts, with an adaptation cycle that can extend over several months. The reduction in activity was therefore more gradual: the decline started at -25% in Q2 to reach -40% at the end of the year. We should feel the full effect of the crisis sometime in 2021, and given the profile of the supply chain, the resynchronization with our customers' paces will also be very gradual.

Throughout the division's activity, production rates have now stabilized at a production level of between 50% and 60% of pre-crisis volumes. The first two or three months of 2020, supported by the ramp-up of the A320 and the renewal of our fasteners contract with Boeing, made it possible to limit the decline in sales to -31% in 2020.

What are the prospects for 2021?

From the onset of the crisis, we focused on coordination with our customers and suppliers to discuss the best strategy to adopt to slow down or reorient production under the best conditions. This work of adjusting the upstream and downstream supply chain very quickly became a central point of our action, in order to preserve our cash while ensuring the continuity of deliveries. It will be continued in 2021. We remain confident, with some nuances however depending on the major markets in which the division operates.

For single-aisle vehicles, such as the A320neo, whose delivery rate remains sustained, the resynchronization of rates could occur as early as the end of 2021. Airbus trusts there will be a recovery by then. Boeing, for its part, has decided to restart production of the 737 Max in order to retain its skills, but at low rates, mixing the manufacture and delivery of aircraft already manufactured. We therefore believe that a relatively rapid rebound scenario remains possible.

On double aisles, such as the Boeing 787 or the A350, where the stock effect is very important, the recovery will be slower. It will rather occur in 2022, and we believe it will take three to four years to return to pre-crisis levels. All players are now faced with the same constraints,

A third unit at Parthenay

This new 7,000 m² building, inaugurated on January 31, 2020, supports the growth of the Engines department for structural components. It hosts an industrial R&D center to support the production of future compressor blades for Germany's MTU Aero Engines. It will also house a training center for technicians on high-tech numerically controlled machining centers. This project is part of the skills development plan, in connection with the deployment of the site digitization currently underway.



LISI AEROSPACE's fine balance of client portfolio puts us in a favorable position to benefit from the recovery.

striving to break down their business between the civil or military markets – the latter doing generally better, especially in the US – based on exposure to the two major manufacturers. The division's fine balance between our client portfolio on the one hand and our business on the other puts us in a favorable position to benefit from the recovery.

What are the key upcoming programs?

The 777X, the only major new program, is maintained. The market share held by LISI AEROSPACE on this aircraft is significant, particularly on the Safran and General Electric engine. Some of our major clients, on the other hand, have sorted out the research and development programs in progress, prioritizing the key projects in which we are involved. For our part, we have also undertaken an internal selection: the OPTIBLIND™ automated fastening program, which is still in the development and qualification phase, is being maintained, as are the smart latches, or the program for optimizing the manufacturing processes for leading edges (see also p. 35).

Some of our projects have also been selected as part of the French government recovery plan, in particular the one concerning the modernization and digital transformation of the production lines of the sites at Bologne in Haute-Marne, and Parthenay in Deux-Sèvres. This modernization plan, supported to the tune of €3 million, will help the company to maintain its key skills.

Digital transition trophy


LISI AEROSPACE won the Digital Transition Trophy in October 2020 as part of the Factory Trophies organized each year by the *Usine Nouvelle* weekly. This distinction rewards the work accomplished at the Saint-Ouen-l'Aumône site, with the setting up in 2019 of a portal for specific industrial applications. This portal makes it possible to digitize several phases of the production plan, from real-time problem solving, to the management of training, to the management of absences. The portal and its applications will be deployed across all of the division's sites.



LISI AUTOMOTIVE





The crisis has confirmed the strategic choices made in 2019. We will continue to refocus on products with higher added value, in particular those relating to electromobility. 

INTERVIEW FRANÇOIS LIOTARD

CEO, LISI AUTOMOTIVE



How did the division deal with the impact of the crisis?

LISI AUTOMOTIVE was faced with this crisis as soon as the Chinese economy was locked down on January 23, 2020, when our three local sites were placed under cover until the end of February. This first warning shot allowed us to experiment the first sanitary protocols, which were then applied to European and then American sites. We have airlifted masks for the entire division and the Group. We have also offered them to hospitals in the Belfort region, to which we donated them.

The first decisions related to the safety of our employees, with the implementation of health measures which gradually allowed business to resume. We then had to maintain contact and provide service to our customers: those whose factories had restarted, as in China, or which were still operating, as in the US and Mexico. We reactivated our shipping sites by applying very strict sanitary rules. This rapid relaunch was welcomed by our customers: all recognized that the teams had lived up to the commitments made during this very special period.

How did you manage business during this delicate period?

After this first restart phase, we sought to protect the cash flow, essential to the life of the company: we have lowered inventory levels, reduced production, adjusted our investments and attacked our fixed cost base, while preserving our ability to bounce back. We managed to lower our breakeven point by 19% in 2020 using all available levers: reduction in overheads and maintenance costs, implementation of a workforce adjustment plan, particularly at the head office, where we have simplified the organization of the Management Committee. These

€451 m

2020 SALES

37%

AS A % OF GROUP SALES

3,393

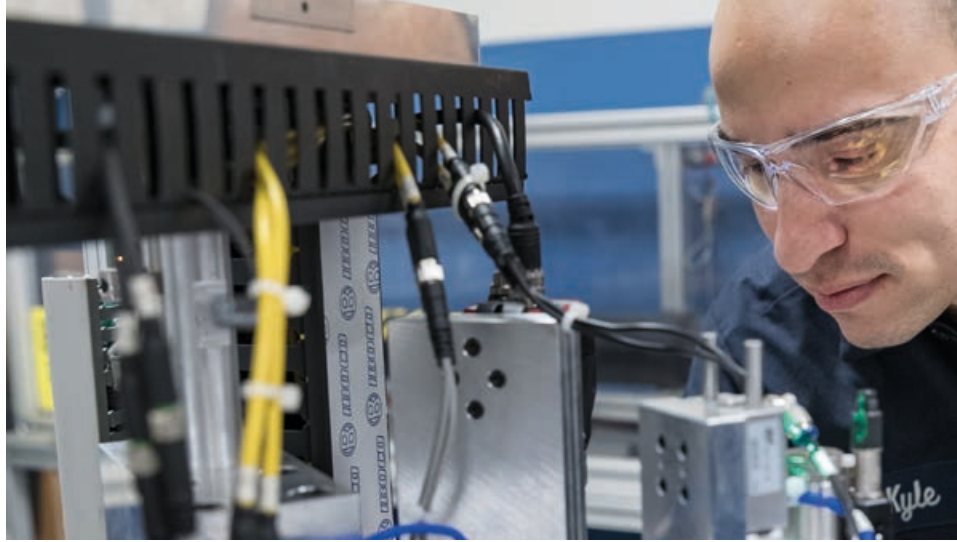
EMPLOYEES
AROUND THE WORLD

LISI AUTOMOTIVE



Mechatronics, a market of the future

On-board mechatronics is becoming more and more present in vehicles and represents significant development potential. These interior mobility systems, powered by an electric motor, transform a rotary movement into linear movement in order to set seats in motion, for example. These mechanisms are based on a new generation of pinions and drive screws, on which LISI AUTOMOTIVE has positioned itself and which require very high levels of precision and mechanical resistance. In 2020, the division was selected for the first part of the government automotive recovery plan with the Lead Screw.



internal measures, added to the charge deferral mechanisms offered by the government – which played an important role – made it possible to maintain positive free cash flow each month.

Has the crisis impacted the division's refocusing strategy?

On the contrary, this crisis has confirmed our strategic choices. The objective has therefore not been called into question and the pace of repositioning, initiated in recent years with the acquisitions of Termax and Hi Vol Products in the US and the sale of the Saint-Florent site in France, has accelerated: we finalized the buyout of the minority stake in Termax in July, one year ahead of schedule, and at the end of June we sold our hot forging site in Vöhrenbach, Germany. We will continue to develop our portfolio of clipped solutions, the result of our collaboration with the Termax teams, intended in particular for electrified vehicles. In mechanical components, we will increase our market share with the penetration of new customers in our three markets in North America, China and Europe.

Finally, during this difficult period, we maintained our investments in research and innovation on products intended for electric vehicles. Progress has been made in the development of solutions related to the issues of weight reduction and multi-material assembly (see page 37).

What was the effect of the crisis on the market?

After the markets collapsing during the first lockdown – sales fell by 80% in China in February, then in Europe and the US in April and May in almost equivalent proportions – government stimulus plans helped to relaunch consumption effectively. The results have sometimes been spectacular, as in China, which has returned to its pre-crisis level. These plans have also yielded good results in Europe and the US. However, despite this rebound, we ended 2020 with a 23% decline in our business volumes.

Acquisition of 100% of Termax completed

In July 2020, the LISI Group acquired the remaining 49% of the capital of TERMAX LLC. This transaction, initially scheduled for Q1 2021, allows the LISI Group to extend its global footprint in the long term in clipped fastening solutions. The business and industrial synergies generated will accelerate the development of innovative solutions for weight reduction, electrification or equipping autonomous vehicles.



The restart of post-COVID automotive consumption has been accompanied by a reversal of the energy mix, with strong growth in electricity. 📈

This revival was accompanied by a change in the energy mix, with very strong growth in electric and hybrid vehicles in the second half of the year. This is one of the highlights of the period. Two triggers can account for this switch: the establishment of strong incentive measures, in Europe, particularly in France and Germany; and the emergence, in large metropolitan areas, of restrictive regulations for combustion engine vehicles, such as new low-emission zones (ZFE), which are now pushing consumers to purchase vehicles with a low environmental footprint. This dual dynamic is a very important factor in understanding the market developments.

How is LISI AUTOMOTIVE preparing for this development?

We intend to accelerate the development of new parts related to vehicle electrification, while remaining attentive to cost control and our breakeven point. Our efforts will go in three directions: respond to the dynamic of weight reduction with multi-material assembly solutions such as LISI HOLLOWELD® (see page 37); offer on-board mechatronics parts, such as our complex gears, our activation and adjustment screws (see opposite) and our components used for the electrification of braking systems; develop fastening systems that meet requirements in terms of electromobility, in particular with constraints of tightness or vibration absorption.

Disposal of Mohr & Friedrich

In June 2020, LISI AUTOMOTIVE finalized the sale of its German subsidiary Mohr & Friedrich GmbH located in Vöhrenbach, Germany, to ZerobaseInvest Holding GmbH. Mohr & Friedrich (€14.8 million in sales in 2019) specializes in hot forging and produces nuts and spacers for the heavyweight vehicle and trailer market, which has become non-strategic. LISI AUTOMOTIVE will continue to purchase hot-stamped parts for its French automotive customers from ZB Mohr & Friedrich.



LISI MEDICAL





Post-crisis, LISI MEDICAL will be in a position to gain new market share in certain segments where we wish to consolidate our positions. 📈

INTERVIEW

JEAN-MARC DURANO

CEO, LISI MEDICAL



How did the medical markets behave in 2020?

The markets related to orthopedics and scheduled surgery, where LISI MEDICAL operates, experienced very contrasting trends in 2020. The impact of COVID-19 has been staggered over time, as the pandemic progressed. The first effects were felt in China, in Europe and then in the US. While the global market therefore experienced a contrasting decline in activity depending on the strategies deployed in each geography, the stop of surgery reached its peak between March and May. At the height of the lockdown, during which the number of accidents dropped considerably, 80% of orthopedic operations were canceled or postponed. All diseases included the decrease in operating theater activity reached 72% worldwide. This is unprecedented. Altogether, over the whole of 2020, sales of products related to the orthopedics markets fell only by around 20%.

€116 m

2020 SALES

9%

AS A % OF GROUP SALES

744

EMPLOYEES
AROUND THE WORLD

How has LISI MEDICAL's business been impacted?

The implant-related activity was more strongly affected insofar as it was directly impacted by the general decline in surgical activity. Minimally invasive surgery, on the other hand, was less affected because we were in the manufacturing phase for the launch of new products at our customers and deliveries were generally maintained. LISI MEDICAL is indeed a world-class manufacturer whose customers – the main

LISI MEDICAL



Robotization plan

The robotization and automation plan for Hérouville-Saint-Clair (Calvados), initiated in 2020, is being rolled out. The two robots received on site are intended for the manufacture of hip implants, during forging and polishing operations. The goal is to deploy a robotization program on the Normandy site over several years. Eventually, seven robots are expected within five years. The robotization of Minneapolis, initiated in 2019, continued in 2020.



international contractors – offer ready-to-use surgical and orthopedic solutions: a large number of our products are thus placed directly in consignment stock in hospitals, for availability according to their needs.

This positioning involves a very high level of service. It is important because beyond the market itself, our activity depends on the strategy implemented by our customers in the management of the supply chain. In 2020, some of our customers preferred to reduce their inventories in order to focus on cash management, while others maintained their order level, or increased it when they were in the product launch phase.

What operational decisions have you made?

At the height of the crisis, we had to partially close the French sites at Hérouville and Neyron and we resorted to partial unemployment at Escondido, California. We maintained a minimum level of activity across our factories as soon as the health safety of the employees was ensured. While the effects have been gradual and staggered between the US and France, we have maintained our agility, in particular thanks to the implementation of effective government support plans in France and the US.

Is the recovery underway?

Here again, this varies depending on geography. The impact of the crisis was indeed more noticeable in Europe than in the US, where it was generally business as usual in the hospitals. In Europe, the recovery, observed as of June was slower and more gradual than expected given the health protocols put in place in operating theaters: the number of operations has dropped from six to four per day on average. Many people, especially the elderly, have also chosen to postpone their procedures whenever possible. Hospitals will take time to regain their pre-crisis pace.

Strengthening of the US sales team

LISI MEDICAL is positioned as a strategic supplier to the largest global players in the orthopedics markets, which occupy key positions on the US market. To strengthen its positions in this geographical area, LISI MEDICAL has undertaken the reorganization of its teams, hiring five dedicated sales representatives. This team, in charge of monitoring the field of business with the major OEMs in the American market, has been operational since September 2020. These recruitments demonstrate LISI MEDICAL's ability to attract new talents in a very competitive market.



We are now able to manage the rebound in the sector. We continued to invest in both productivity and capacity, in particular at the Hérouville, Neyron and Minneapolis sites. 🗨️

What lessons do you learn from this crisis?

During the lockdown phases, we recorded a record number of calls for tenders and requests for quotation from our customers, who took advantage of this period to review their cost base. Our position as preferred supplier in the markets where we operate explains why we are very much in demand. We have also harnessed these requests to put ourselves in a position to gain market share in certain segments where we wish to consolidate our positions. Potentially, the total volume of quotes issued during the health crisis could have a major effect on our sales revenue in the coming years.

What is your outlook?

We are now able to manage the rebound in the sector. We continued to invest in both productivity and capacity, in particular at the Hérouville, Neyron and Minneapolis sites. Demand should gradually pick up and we are in a position to be able to meet it, while maintaining our strategic choices in terms of developing new products for our customers. The crisis demonstrated the financial strength of the division, which proved to the market that it could continue to invest while protecting its cash flow.



DISTRIBUTION OF VALUE

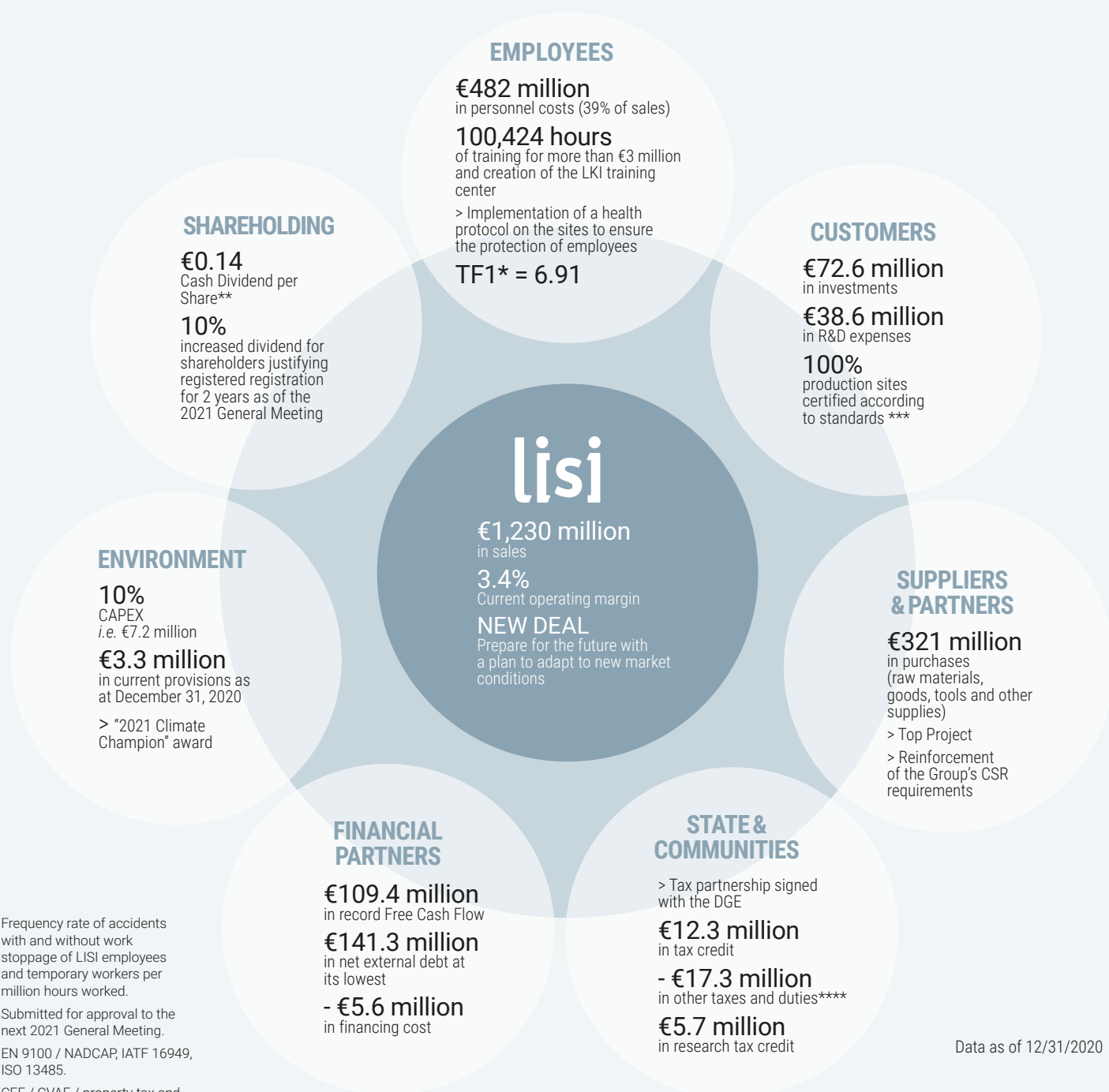
SHARED AND SUSTAINABLE VALUE

The LISI Group is committed to sharing the value it generates among all the stakeholders who support it in the deployment and implementation of its medium- and long-term strategy.



78 STOCK MARKET DATA

80 FINANCIAL DATA



Data as of 12/31/2020

STOCK MARKET DATA

LISI's progress in 2020

BENCHMARKS

€20.15

LISI SHARE PRICE AS AT DECEMBER 31, 2020

-32.9%

LISI PRICE HISTORY

42,970

SECURITIES TRADED PER DAY

335

INVESTORS MET

– STOCK IDENTIFICATION SHEET

- ISIN Code: FR 0000050353
- Reuters code: GFIL.PA
- Bloomberg code: FIL.FP
- Compartment: A Eurolist
- Stock marketplace: Euronext Paris
- Number of shares: 54,114,317
- Market capitalization as at December 31, 2020: €1,090 million
- Indices: CAC®, AERO&DEF., CAC®-All Shares, CAC® Industrials

– LIST OF BROKERS

- EXANE BNP PARIBAS : Chloé LEMARIÉ
- GILBERT DUPONT : Thomas RENAUD
- IDMIDCAPS : Denis SCHERRER
- KEPLER CHEUVREUX : Aymeric POULAIN
- ODDO : Jean-François GRANJON
- PORTZAMPARC : Jérémy SALLÉE
- STIFFEL : Harry BREACH

The LISI stock market price is gradually catching up with the automotive and aerospace indices, which stand at +12.4% and -13.0%, respectively. The share incurred a strong correction as of February 19, 2020 and the announcement of the COVID-19 crisis, and then bounced back on November 9, 2020 with the announcement of the imminent availability of vaccines. The closing price on December 31, 2020 was thus established at €20.15, i.e. down -32.9% compared to the previous year which compares to the CAC Small (+7.2%) and to the EFTX (+4.0%).

The average volume over one year continued to increase to 42,970 shares traded per day (36,400 shares in 2019).

– COVERAGE OF THE STOCK

The stock is followed by 7 stockbrokers who regularly issue research notes and diverse information for professional or private investors.

The LISI Group takes part in a large number of conferences, roadshows and investor meetings, which were mostly held remotely in 2020. In total, the management of LISI met with more than 335 investors during the 2020 financial year (+34% compared to 2019).

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.

– 2021 EVENTS

APRIL
29,
2021

General Meeting of Shareholders:
in camera

MAY
05,
2021

Dividend payments

JULY
22,
2021

Sales revenue for the second quarter of 2021 and half-yearly accounts will be available on line *via* the LISI website (www.lisi-group.com)

OCTOBER
21,
2021

Financial information for the third quarter of 2021 will be available online *via* the LISI website after close of market.

– CONTACT

For information or documentation

LISI S.A. Financial Department

• Phone: +33 (0)3 84 57 00 77

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

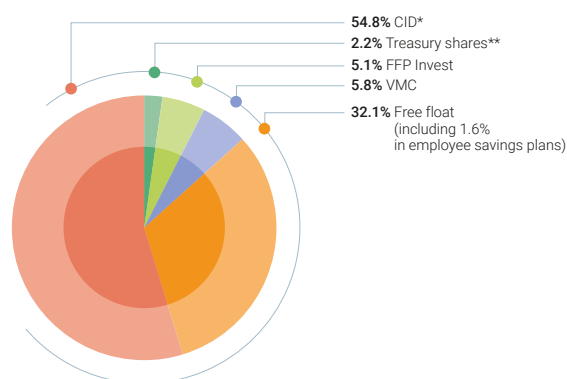
Relations with shareholders, investors, financial analysts and the financial and economic press:

Mr Emmanuel Viellard – CEO

– SECURITIES ACCESSIBLE TO INDIVIDUAL SHAREHOLDERS

The Group's goal for 2021 is to continue to develop communication with individual shareholders in an approach similar to previous years, by organizing meetings outside the Paris area as soon as sanitary conditions permit, and by relying on the distribution of dedicated letters to shareholders.

– Breakdown of capital



* Including direct and indirect
VMC shareholdings: 21.16%
FFP Invest: 19.02%
CIKO: 16.75%

** Reserved for performance share plans

– ESG RANKING

Recognized for its environmental, social and governance accomplishments, LISI obtains the following scores and rankings:

- Gaia Index: 77/100
- Ecovadis: Silver

FINANCIAL DATA

STATEMENT OF COMPREHENSIVE INCOME (in thousands of euros)	12/31/2020	12/31/2019
PROFIT (LOSS) FOR THE PERIOD	(37,544)	73,812
OTHER ITEMS OF OVERALL INCOME APPLIED TO SHAREHOLDERS' EQUITY		
Actuarial gains and losses out of employee benefits (gross element)	6,693	(4,853)
Actuarial gains and losses out of employee benefits (tax impact)	(1,876)	1,446
Restatements of treasury shares (gross element)	(227)	258
Restatements of treasury shares (tax impact)	59	(75)
OTHER ITEMS OF OVERALL INCOME THAT WILL CAUSE A RECLASSIFICATION OF INCOME		
Exchange rate differences resulting from foreign business	(30,116)	9,413
Hedging instruments (gross element)	6,667	3,954
Hedging instruments (tax impact)	(1,963)	(675)
TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	(20,764)	9,467
TOTAL OVERALL INCOME FOR THE PERIOD	(58,308)	83,279

INCOME STATEMENT (in thousands of euros)	Notes	12/31/2020	12/31/2019
PRE-TAX SALES	3.6.1	1,229,958	1,729,527
Changes in stock, finished products and production in progress		(22,442)	(3,513)
TOTAL PRODUCTION		1,207,515	1,726,014
Other revenues*		39,507	28,508
TOTAL OPERATING REVENUES		1,247,022	1,754,522
Consumed goods	3.5.2	(321,007)	(476,490)
Other purchases and external expenses	3.5.3	(265,251)	(349,499)
Taxes and duties		(12,317)	(11,995)
Employee benefits expense (including temps)	3.5.4	(481,762)	(643,338)
EBITDA		166,685	273,200
Depreciation		(117,095)	(119,181)
Net provisions		(8,082)	1,094
CURRENT OPERATING PROFIT (EBIT)		41,509	155,113
Non-recurring operating income and expenses	3.5.6	(69,618)	(44,835)
OPERATING PROFIT		(28,109)	110,278
FINANCING EXPENSES AND REVENUE ON CASH	3.5.7	(5,164)	(4,326)
Revenue on cash	3.5.7	1,231	3,544
Financing expenses	3.5.7	(6,396)	(7,871)
OTHER INTEREST REVENUE AND EXPENSES	3.5.7	(11,595)	(4,221)
Other financial items	3.5.7	31,866	26,688
Other interest expenses	3.5.7	(43,461)	(30,909)
Taxes (of which CVAE (Tax on companies' added value))*	3.5.8.1	7,323	(27,918)
PROFIT (LOSS) FOR THE PERIOD		(37,544)	73,812
Attributable as company shareholders' equity		(37,321)	69,773
Interest not granting control over the company		(223)	4,039
EARNINGS PER SHARE (IN €)	3.5.9	(0.71)	1.31
DILUTED EARNINGS PER SHARE (IN €)	3.5.9	(0.70)	1.30

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2020 financial statements the company has continued classifying revenues related to CIR (Research Tax Credit) as "Other income", for an amount of €5.7 million in 2020, compared to €5.2 million in 2019.

STATEMENT OF FINANCIAL POSITION

ASSET (in thousands of euros)	Notes	12/31/2020	12/31/2019
NON-CURRENT ASSETS			
Goodwill	3.4.1.1	332,093	354,552
Other intangible assets	3.4.1.1	30,150	29,393
Tangible assets	3.4.1.2	680,580	732,776
Non-current financial assets	3.4.1.3	6,853	16,977
Deferred tax assets		48,626	17,312
Other non-current assets	3.4.1.5	143	9
TOTAL NON-CURRENT ASSETS		1,098,448	1,151,022
CURRENT ASSETS			
Inventories	3.4.2.1	300,389	321,639
Taxes - Claim on the state		12,977	16,206
Trade and other receivables	3.4.2.2	205,367	275,072
Cash and cash equivalents	3.4.2.3	242,144	236,809
TOTAL CURRENT ASSETS		760,877	849,727
TOTAL ASSETS		1,859,324	2,000,748
LIABILITIES (in thousands of euros)			
	Notes	12/31/2020	12/31/2019
SHAREHOLDERS' EQUITY			
Capital stock	3.4.3	21,646	21,646
Additional paid-in capital	3.4.3	75,329	75,329
Treasury shares	3.4.3	(19,788)	(14,435)
Consolidated reserves	3.4.3	950,372	844,386
Conversion reserves	3.4.3	(4,757)	21,819
Other income and expenses recorded directly as shareholders' equity	3.4.3	2,495	(6,877)
Profit (loss) for the period	3.4.3	(37,321)	69,773
TOTAL SHAREHOLDERS' EQUITY – GROUP'S SHARE	3.4.3	987,978	1,011,642
Minority interests	3.4.3	2,439	9,740
TOTAL SHAREHOLDERS' EQUITY	3.4.3	990,417	1,021,382
NON-CURRENT LIABILITIES			
Non-current provisions	3.4.4	70,698	64,993
Non-current borrowings	3.4.6.1	316,719	412,310
Other non-current liabilities	3.4.5	8,140	10,705
Deferred tax liabilities		34,697	40,091
TOTAL NON-CURRENT LIABILITIES		430,254	528,099
CURRENT LIABILITIES			
Current provisions	3.4.4	38,606	23,069
Current borrowings*	3.4.6.1	146,205	156,423
Trade and other accounts payable		253,842	270,447
Taxes due		0	1,328
TOTAL CURRENT LIABILITIES		438,653	451,267
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,859,324	2,000,748
* Of which banking facilities		5,981	8,273

CONSOLIDATED CASH FLOW STATEMENTS

(in thousands of euros)

	12/31/2020	12/31/2019
OPERATING ACTIVITIES		
NET EARNINGS	(37,545)	73,812
Elimination of net expenses not affecting cash flows:		
– Depreciation and non-recurrent financial provisions	116,917	119,418
– Changes in deferred taxes	(21,249)	(3,467)
– Income on disposals, provisions for liabilities and others	49,609	34,797
GROSS CASH FLOW MARGIN	107,732	224,560
Net changes in provisions provided by or used for current operations	4,036	(3,299)
OPERATING CASH FLOW	111,768	221,261
Income tax expense elimination	13,927	31,385
Elimination of net borrowing costs	4,734	5,526
Effect of changes in inventory on cash	9,504	10,498
Effect of changes in accounts receivable and accounts payable	59,364	(18,740)
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	199,296	249,929
Tax paid	(12,580)	(26,108)
CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)	186,718	223,824
INVESTMENT ACTIVITIES		
Acquisition of tangible and intangible fixed assets	(73,427)	(118,555)
Change in granted loans and advances	2,394	(187)
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	(71,033)	(118,742)
Divested cash	(2,913)	(1,249)
Disposal of consolidated companies	3,705	3,000
Disposal of tangible and intangible fixed assets	802	1,737
Disposal of financial assets	5	(3)
TOTAL CASH FROM DISPOSALS	1,599	3,485
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(69,434)	115,257
FINANCING ACTIVITIES		
Dividends paid to shareholders of the Group	0	(23,421)
Dividends paid to minority interests of consolidated companies	(452)	(1,769)
TOTAL CASH FROM EQUITY OPERATIONS	(452)	(25,190)
Issue of non-current loans	11,508	60,520
Issue of short-term loans	66,856	103,674
Repayment of non-current loans	(29,420)	(5,882)
Repayment of short-term loans	(144,105)	(147,088)
Net interest expense paid	(4,734)	(5,534)
TOTAL CASH FROM OPERATIONS ON LOANS AND OTHER FINANCIAL LIABILITIES	(99,895)	5,690
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	(100,347)	(19,501)
Effect of change in foreign exchange rates (D)	(3,955)	2,338
Effect of adjustments in treasury shares (D)	(5,352)	727
CHANGES IN CASH (A+B+C+D)	7,629	92,133
Cash at January 1 (E)	228,533	136,400
Cash at year-end (A+B+C+D+E)	236,163	228,533
Cash and cash equivalents	242,144	236,809
Short-term banking facilities	(5,981)	(8,273)
CLOSING CASH POSITION	236,163	228,533

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, 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
Actuarial gains and losses out of employee benefits (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)					9,480	41	69,773	79,294	3,986	83,279
SHAREHOLDERS' EQUITY AT JANUARY 1, 2020	21,646	75,329	(14,435)	844,386	21,819	(6,877)	69,773	1,011,642	9,740	1,021,382
Profit (loss) for the period N (a)							(37,321)	(37,321)	(223)	(37,544)
Translation differences (b)					(26,576)			(26,576)	(3,540)	(30,116)
Payments in shares (c)				(1,027)				(1,027)		(1,027)
Restatement of treasury shares (d)			(5,353)			(169)		(5,522)		(5,522)
Actuarial gains and losses out of employee benefits (g)						4,817		4,817		4,817
Appropriation of N-1 earnings				69,773			(69,773)	0		0
Change in scope				37,460				37,460	(3,066)	34,394
Dividends distributed				0				0	(452)	(452)
Reclassifications								0		0
Restatement of financial instruments (f)						4,724		4,724	(20)	4,704
Various (e)				(219)				(219)		(219)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020	21,646	75,329	(19,788)	950,372	(4,757)	2,495	(37,321)	987,978	2,439	990,417
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g)					(26,576)	9,372	(37,321)	(54,525)	(3,783)	(58,308)

OTHER INFORMATION



2020 UNIVERSAL REGISTRATION DOCUMENT

www.lisi-group.com, Investors section

Document in accordance with French and European regulations including in particular the annual financial report, the management report as well as the consolidated and social statements for the year, all of LISI's societal, social and environmental (DPEF) information and the resolutions submitted to approval by shareholders at the Annual General Meeting.

LISI OVERVIEW

www.lisi-group.com, Group section

Overview of the LISI Group profile, its locations around the world, its key figures, its governance and its history.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

www.lisi-group.com, CSR section

Presentation of the Group's medium- and long-term CSR strategy and objectives (2020-2023-2030).

DISTRIBUTION LIST

To receive our quarterly newsletters and press releases by email, you can subscribe to our mailing list:

<https://www.lisi-group.com/en/newsletter.html>

This integrated report as well as the universal registration document can be downloaded
on our website at the following address:
www.lisi-group.com

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