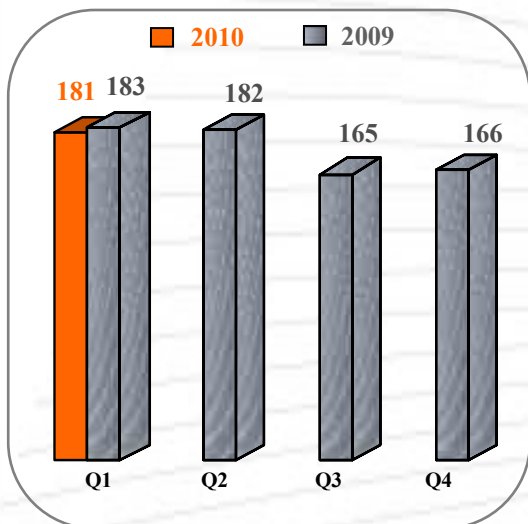


# QUARTERLY REPORT

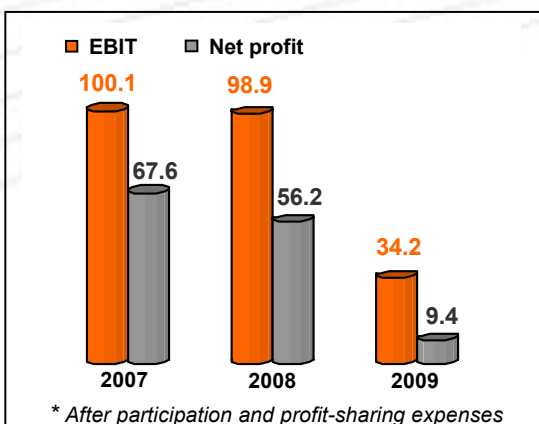


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



- First quarter of organic growth following two-digit falls in sales for 5 quarters,
- Recovery confirmed in the Automotive Division,
- Stabilization of the Aerospace Division as compared with end 2009, Maintenance of management priorities, particularly in cash flow generation.
- During Q1 of the 2010 financial year the LISI Group achieved sales of € 181.4M, up 3.1% on a like-for-like basis and constant exchange rate basis. The variance is -0.9% on published figures, which takes into account the unfavorable change in the dollar exchange rate with the euro (impact of -0.6% on sales revenues).

In €M	31 March		Change	
	2010	2009	2010/2009	2010/2009 on a like-for-like and constant exchange rate basis
Q1	181.4	183.1	- 0.9 %	+ 3.1 %

## LISI AEROSPACE

- Decline of -26.3% on Q1 2009, but stabilization when compared with Q3 and Q4 2009,
- North American market still depressed among distributors and equipment manufacturers,
- Medical has held up well.

## LISI AUTOMOTIVE

- Acceleration of recovery, up 51.3% (on a like-for-like basis), with the continuation of a still vigorous European automobile market,
- Drop in market expected in the second half of the year.

## LISI COSMETICS

- Recovery right at the end of the period (+10.8%), helped by the end of inventory reduction and new products.

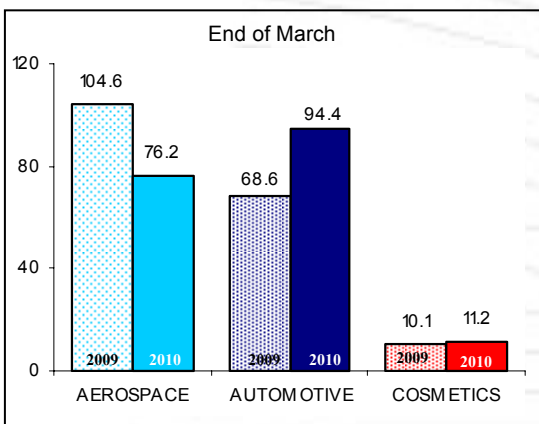
## NOTES BY SECTOR

### LISI AEROSPACE (42 % of the consolidated total)

- Decline of -26.3% on Q1 2009, but stabilization when compared with Q3 and Q4 2009,
- North American market still depressed among distributors and equipment manufacturers,
- Medical has held up well.



### Sales in million euros



In €M	31 March		Change	
	2010	2009	2010/2009	2010/2009 on a like-for-like and constant exchange rate basis
<b>Q1</b>	<b>76.2</b>	<b>104.6</b>	<b>- 27.2 %</b>	<b>- 26.3 %</b>

#### About the market

Aircraft manufacturers remain well positioned in Q1 thanks to good order books. Production rates have been maintained as compared with the 2009 average. Boeing delivered 108 planes and Airbus 122. The two manufacturers have announced their intention to increase production rates for the end of 2010.

Since air traffic is up (+9.5% for passenger traffic and +26.5% for cargo to end February), the entire sector has to get organized for a gradual increase in business. Nevertheless, there is real inertia in demand for primary components such as fasteners.

As far as equipment manufacturers and distributors are concerned, there are visible signs of the end of inventory reductions, especially in Europe. In the USA the turnaround will be real when the inventories put in place for the start up of the B787 in 2008 and the start of 2009 start to go down.

#### Operations

□ The drop of -27.2% in sales revenues was mainly due to the USA, and to a lesser extent to Europe.

- In the USA LISI AEROSPACE has suffered from several factors:

- A drop in the requirements of Boeing and its subcontractors on account of delays in the B787 program and the suspension of the assembly lines until Q2 2010,
- A collapse in requirements for regional planes, to adjust inventories to production rates,
- Higher inventory levels held by distributors until mid-2009.

- In Europe deliveries at Airbus and its subcontractors have been stable as compared with 2009. Other clients have all ratcheted downwards.

□ The drop in sales at LISI MEDICAL has been only -1.4%. As a result, quarterly sales activity has settled at slightly higher than Q4 2009. Starting from Q3 of the previous financial year, the increase in the order book has been confirmed (+37%), especially in Europe; it has been focused more in orthopedics than in dentistry.

□ Implementation of the prototyping phases of the A350XWB has stimulated steady activity in the development and manufacture of the first series of new products such as titanium nuts, of which the Saint-Ouen l'Aumône plant is the beneficiary.

□ Supported by Europe, order taking at LISI AEROSPACE returned in March to a "book-to-bill" ratio of greater than 1 for the first time in over a year.



## LISI AUTOMOTIVE (52 % of the consolidated total)

- Acceleration of recovery, up 51.3% (on a like-for-like basis), with the continuation of a still vigorous European automobile market,
- Drop in market expected in the second half of the year..

In €M	31 March		Change	
	2010	2009	2010/2009	2010/2009 on a like-for-like and constant exchange rate basis
<b>Q1</b>	<b>94.4</b>	<b>68.6</b>	<b>+ 37.6 %</b>	<b>+ 51.3 %</b>

### About the market

□ New registrations remained strong in Q1, +9.5% , following March 2010 up 11.2%. Nevertheless, some manufacturers have started slowing down the production of secondary components such as gearboxes, in anticipation of gradually adjusting the level of overall production to the expected level of new registrations in Europe, -9% for the 2010 financial year and cars exported outside EFTA.

□ Our clients' production in Europe is doing even better with a 30% growth rate in Q1 2010 as compared with the corresponding quarter in 2009. Major differences have been noted at PSA +70%, Renault +51% and Daimler +48%, which augur adjustments to come in the second half of 2010. The product mix is improving with the new Mercedes E Class and Audi's success.

### Operations

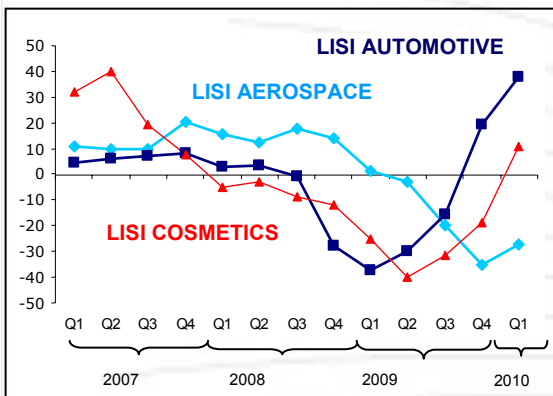
□ Sales revenues are sharply up (+37%) in all segments except those to do with trucks. Without that segment and with the deconsolidation of SDU in 2009, growth would have been over 50%.

□ Notwithstanding a favorable basis for comparison with Q1 2009, production levels nevertheless remain down by 15% (-10% without SDU) on Q1 2008, prior to the onset of the world economic crisis.

□ The integration process of the two Acument France sites (Bonneuil and La Ferté-Fresnel), taken over by the Group at the end of March, is proceeding according to plan.

□ The increase in raw materials has been confirmed at about +20% from Q2 2010, with a tightening appearing in the longer term.

### % Sales Variation per division / N-1





## LISI COSMETICS (6 % du total consolidé)

- End of reduction in inventories,
- Recovery right at end of period (+10.8%).

In €M	31 March		Change	
	2010	2009	2010/2009	2010/2009 on a like-for-like and constant exchange rate basis
<b>Q1</b>	<b>11.2</b>	<b>10.1</b>	<b>+ 10.8 %</b>	<b>+ 10.8 %</b>

### About the market

As had been expected, the division has done very well in the strength of its recovery, with orders both for existing products and new development projects.

Three factors explain this turnaround:

- Final demand has dropped very little in volume and even increased in value,
- Fully adjusted, inventories are now being rebuilt,
- The division is in a position to take advantage of past investments, especially in metal packaging, while the crisis prevented several players from increasing their production capacity for when orders started flowing again.

It should be noted that market is showing a return to players in close proximity to the clients, at the expense of Asian production sources in particular.

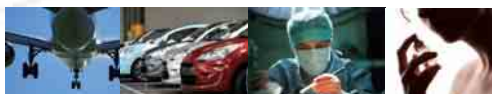
### Operations

□ March was the first month to see a real take-off after quite a weak start to the year. LISI COSMETICS now needs to track demand and gradually increase its production capacity. As a result the recruitment of temporary workers has resumed (+36 full-time equivalent in March).

□ Among the new products launched during the period, LISI COSMETICS was selected for the launch of Oriens by Van Cleef & Arpels and the Chanel N°5 rechargeable.

## FORECAST AND NOTES ON THE FINANCIAL IMPACT OF BUSINESS ACTIVITY

While the Group is fully benefiting from the automobile recovery, it is still too early to be certain about a recovery in aerospace in the USA, which remains the largest unknown for the second half of the year, while a drop in automobile production is expected. In terms of profits, it is clear that the recovery in the Automotive Division will help Group profits to improve, however, without yet achieving what had been normal levels prior to the crisis. A focus on cash flow generation therefore remains very much a priority.





## LISI AEROSPACE

□ The recovery in the aerospace industry sector is not yet reflected in the figures from LISI AEROSPACE, which nevertheless ought to benefit from the end of reduction in inventories towards the end of 2010. Therefore margins will remain under pressure while cash flow generation remains the priority for the 2010 financial year.

□ The dates provided for terminating the Stryker deal have been pushed back due to a requirement to furnish information – consultations with the Works Committee at Benoist-Girard that require more time than expected. At this point, closure of the deal is still set for the end of the first half of 2010.



## LISI AUTOMOTIVE

□ The gradual downward adjustment of car production volumes together with an increase in materials leaves some uncertainty about maintaining the profitability levels of Q1 2010 for the rest of the financial year. As previously stated, this level will remain under pressure though generally positive, with the possibility of generating good Free Cash Flow for the entire LISI AUTOMOTIVE Division.

## LISI COSMETICS

□ The LISI COSMETICS Division can clearly see the horizon brightening with business level forecasts significantly above that of 2009. Financial performance, while improving, will remain affected by the many new launches in progress.

### CONTACT

Gilles KOHLER  
Chairman and CEO  
*email* : [gilles.kohler@lisi-group.com](mailto:gilles.kohler@lisi-group.com)

Emmanuel VIELLARD  
Deputy CEO  
*email* : [emmanuel.viellard@lisi-group.com](mailto:emmanuel.viellard@lisi-group.com)

☎ +33 3 84 57 00 77 - Fax : +33 3 84 57 02 00

*Website* : [www.lisi-group.com](http://www.lisi-group.com)

Q1 2010 has confirmed that the Group enjoys good industrial capacity suited to taking advantage of the economic recovery. However, since this is not the case in all its sectors of activity and in all the geographic areas in which it operates, it will continue to maintain its priorities concerning operational flexibility and cash flow generation. Its growth strategy remains unchanged and will continue to combine the development of new products within the company and the acquisition of skills and market share through external growth.

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

✚ Half-yearly results: July 27, 2010

✚ Q3 2010: October 27, 2010