Press release
Belfort, February 16, 2012

LISI REPORTS SIGNIFICANT IMPROVEMENT IN RESULTS FOR 2011

Sales revenue increase 19.1% to €925 M
- Strong organic growth: +13.8%
- Dynamic performance from the Aerospace Division in Europe
- Solid results for the Automotive Division

Return to profitability confirmed
- EBIT: €76.6 M (+ 54.9 %)
- Further improvement in operating margin: 8.3% (+1.9 points)

Financial structure still very solid after acquisitions in 2010 and 2011
- Positive free cash flow: €6.4 M, after a 28% increase in capital expenditures
- Rise in average ROCE: 13.3 % (+3.3 points before corporate tax)

Further increase in the dividend: up 24% to €1.30 per share

Good general outlook, supported by numerous projects

Belfort, February 16, 2012 – LISI's Board of Directors, chaired by Chairman Gilles Kohler, reviewed the final accounts for the financial year ending December 31, 2011. They will be submitted for approval at the General Meeting on April 26, 2012.

12 months ending December 31,		*2011*	*2010*	*Change*
Key elements of the income statement				
Sales revenue	€M	**925.1**	**776.7**	+ 19.1%
EBITDA	€M	**122.1**	**95.7**	+ 27.6%
EBITDA margin	%	**13.2**	**12.3**	+ 0.9 pts
EBIT	€M	**76.6**	**49.5**	+ 54.9%
Current operating margin	%	**8.3**	**6.4**	+ 1.9 pts
Earnings attributable to holders of company equity	€M	**58.2**	**32.9**	+ 76.8%
Net earnings per share	€	**5.61**	**3.19**	+ 75.9%
Key elements of the cash flow statements				
Operating cash flow	€M	**95.3**	**79.5**	+ 19.9%
Net CAPEX	€M	**- 64.9**	**- 50.6**	+ 28.2 %
Free cash flow (FCF)	€M	**6.4**	**54.8**	- 88.3%
Key elements of the financial structure				
Net debt	€M	**102.6**	**17.5**	n.a.
Ratio of net debt to equity		**18.9%**	**3.6%**	+ 15.3 pts

Sales revenue increase 19.1% to €925 M

The significant increase in the LISI group's sales in 2011 can be explained as follows:

- the dynamism of the Aerospace Division in Europe and the acquisition of the Creuzet group, consisting of Creuzet Aéronautique and Indraero Siren, which generated €58.9 M, from which LISI AEROSPACE benefited (€407.6 M, +44.7%),
- the solid performance of the Automotive Division (€446.3 M, being + 11.2%),

- the contribution of LISI MEDICAL (€74.0 M) particularly due to its "Orthopaedics" branch, which more than compensated up for the disposal of LISI COSMETICS, which was sold in April 2011 (2010 sales: €52.8 M).

At constant scope and exchange rates, organic growth was 13.8%, compared to 3.5% in 2010. It gradually slowed down during the year, before being boosted by external growth with the integration of the Creuzet group; this acquisition alone accounted for approximately 12% of instantaneous growth in the second half of the year.

	LISI Consolidated	**Of which LISI AEROSPACE**	**Of which LISI AUTOMOTIVE**	**Of which LISI MEDICAL**
Q1	+23.7%	+16.3%	+28.4%	+297.0%
Q2	+11.5%	+16.7%	+10.2%	+246.4%
Q3	+25.4%	+69.9%	+9.1%	+51.3%
Q4	+16.8%	+77.5%	-1.4%	-22.7%
2011	**+19.1%**	**+44.7%**	**+11.2%**	**+73.3%**

The Group continued its policy of strengthening and building its positions in its strategic markets initiated in 2010 with a fundamental redefinition of its scope of activity and an ambitious capital expenditure program. It thus renewed more than a quarter of its portfolio of activities in 15 months.

The Group's activities are now more evenly balanced: LISI AEROSPACE accounts for 44% of consolidated sales, LISI AUTOMOTIVE for 48% and LISI MEDICAL for 8%.

Return to profitability confirmed

LISI AEROSPACE Fasteners was the main contributor to the improvement in the results, after a substantial decline in 2010, along with LISI MEDICAL, to a lesser extent. LISI AUTOMOTIVE reported a slight downturn despite an increase in activity (up €45 M). All of the management indicators have therefore improved, despite the disposal of LISI COSMETICS.

EBITDA reached €122.1 M, corresponding to 13.2% of sales and an increase of 27.6%. The improvement in the EBIT is particularly marked with €76.6 M (up 54.9%), due to reversals of provisions (+ €2.3 M in 2011 against - €0.4 M in 2010), despite the increase in depreciation (€47.7 M against €45.8 M in 2010). Strengthened by LISI AEROSPACE's significant contribution compared to the low point of 2010, the operating margin rose by 1.9 points in comparison to 2010.

The non-recurring costs in 2011 mainly consist of the capital gain from the disposal of LISI COSMETICS of + €9.8 M, and a provision associated with the possible disposal of assets in Germany of - €1.6 M. Financial expenses rose to - €1.9 M due to additional debt associated with the acquisition of the Creuzet group (Net debt of €102.6 M, resulting in interest costs of €4.2 M) and exchange gains on working capital (€1.5 M). Tax costs rose sharply, as a result, among other things, of an increase in corporate tax in France representing €1.6 M, and CVAE (tax on companies' added value)[1] of - €4.7 M (- €3.4 M in 2010). The average apparent rate was 27.8% compared to 30.9% in 2010. Consequently, net earnings reached the historically high level of €58.2 M compared to €32.9 M in 2010, corresponding to an increase of 76.8%.

[1] French business tax on added value

Net earnings per share in 2011 were €5.61 (€3.19 in 2010 and €0.92 in 2009); excluding non-recurring items associated with the disposal of LISI COSMETICS, earnings would be €4.66.

After returning to dividend growth in 2010, the Group will propose for approval at the shareholders' General Meeting to set the dividend at €xx per share for the financial year of 2011, corresponding to an increase of xx% compared to last year.

Financial structure still very solid after acquisitions in 2010 and 2011

2011 marked the completion of another stage in the ambitious industrial equipment and structural investment program launched in 2010 throughout the divisions: a total of €64.9 M was paid out. This was mainly dedicated to improving production and logistics facilities, to productivity and to new products in all divisions.

Up by nearly 20% to €95.3 M, operating cash flow was slightly above 10% of sales (10.3%). The Group has not only been able to finance its capital expenditures program, but also the increase in working capital requirements of €24.0 M (against a decrease in 2010 of €25.9 M). The WCR was €243 M on December 31, 2011, or 25% of sales, compared to €173 M in 2010 (21% of sales). Measures taken in relation to organization and productivity, and the implementation of improved logistics were not enough to compensate for the impact of very strong growth in the Aerospace Division and the sudden slowdown of activity at LISI AUTOMOTIVE at the end of the year.

After taking all of these elements into account, the Free Cash Flow remained positive, rising to €6.4 M (+ €54.8 M in 2010).

The acquisition of the Creuzet group, for a net amount of €68.1 M, was financed by the proceeds of the disposal of LISI COSMETICS and €75 M using the medium term credit lines available to LISI.

At €102.6 M, net debt remains below 20% of equity capital (18.9%). This represents 0.84 of the EBITDA, substantially below the prudential ratios required by the banks. Furthermore, available cash flow has virtually remained stable, at €68 M on December 31, 2011, compared to €73 M on December 31, 2010.

The capital employed increased from €561 M to €707 M, taking into account the consolidation excess allocated to acquisitions. The return on capital employed before tax improved to 13.3% compared to 10% in 2010.

LISI AEROSPACE

- Performance has reflected the correct anticipation, in 2010, of a return to growth
- The significant impact of the Creuzet group on sales (+ €59 M), growth focused on Europe, contribution from the United States again marginal
- Very favorable impact of the new A350 products and "fastracks" on European activity and on the operating margin

	2011	2010	Change
Sales revenue (in €M)	407.6	281.6	+26.7%
			At constant scope and exchange rates
Current operating margin	12.2%	6.8%	+ 5.4 pts
Free cash flow (€M)	22.7	16.5	+ 6.1 M€
As a % of sales revenue	*5.6%*	*5.9%*	n.a

LISI AUTOMOTIVE

- New market shares captured
- Results under pressure:
  - impact of the sudden slowdown in orders in December, due to the lack of time to adjust
  - increased use of subcontractors
- Recovery of sites that are still under-performing in progress

	2011	2010	Change
Sales revenue (in €M)	446.3	401.3	+8.1% At constant scope and exchange rates
Current operating margin	5.3%	6.2%	- 1.0 pts
Free cash flow (€M)	- 11.5	27.3	- 38.8 M€
As a % of sales revenue	*n.a*	*6.8%*	n.a

LISI MEDICAL

- First contribution of LISI MEDICAL as a separate division
- Impact of the end of the building of inventory on the activity
- Satisfactory contributions from LISI MEDICAL Orthopaedics and Jeropa (United States)

	2011	2010	Change
Sales revenue (in €M)	*74.0*	42.7	-16.8%
			At constant scope and exchange rates
Current operating margin	7.4%	5.0%	*2.4 pts*
Free cash flow (€M)	4.1	- 5.0	+ 9.1 M€
As a % of sales revenue	*5.5%*	*n.a*	*n.a*

<u>Outlook</u>: acceleration in the Aerospace Division, progress in the Automotive and Medical Divisions

After a crisis year in 2010 for the Aerospace Division, and the outstanding recovery of the Automotive Division, performances in 2011 have fully validated the Group's ambitious growth policy in terms of capital expenditure, innovation and gaining market share.

These performances were achieved in a mixed economic environment: it has been very positive for the aerospace market, which has fully recovered in Europe, but a little uncertain for the medical and automotive markets. While remaining solid, the latter has slowed down in a volatile context, with too much activity at the beginning of the financial year, followed by a sudden contraction towards the end of the year. Despite objectives generally being reached, the consolidated operating margin is still not at the normative level that the Group considers to be 10%.

The LISI Group has thus completed another step towards its objective of a two-figure consolidated operating margin, while at the same time maintaining a substantially positive Free Cash Flow.

All of the divisions will be called upon to contribute:

- The Aerospace Division has the potential for significant growth, mainly in the United States. The requirements of the large 2012 - 2022 contract obtained from BOEING, the start of the B787 and an increase in production rates should result in a larger contribution from the American platform. The Creuzet group's contribution over the next twelve months should also be significant, given that Indraero Siren should improve its performance.
- Several problems related to the Automotive Division's activity should be eliminated, notably in Germany, and it should benefit from investments and organizational initiatives undertaken in 2011. The potential for the operating margin to recover remains intact, so long as the volatility of demand from LISI AUTOMOTIVE's large customers does not disrupt the complex production line.
- The performances of the Medical Division's two "Fasteners" sites (in Lyon and Escondido in the United States) should see a significant improvement compared to 2011, while the "Orthopaedics" plant (in Caen) should develop a substantial volume of new products. 2012 will therefore be a key year in the consolidation of the LISI MEDICAL division.

The Group has covered all of its financial repayments for 2012 and 2013 with cash, overdraft facilities or medium term credit lines.

Supported by its experience and financial solidity, the LISI Group is pursuing its policy of targeted, profitable growth. Management and investment initiatives, aimed at completing numerous projects currently in progress and strengthening the Group's industrial excellence will be maintained.

The Group feels that the current outlook is generally positive and does not see any downturns in its markets; as a result, the Group should achieve, for the first time in its history, sales in excess of €1 billion in 2012.

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The next announcements will appear after close of trading on Euronext Paris
Q1 2012 financial information: April 26, 2012
General Meeting of Shareholders: April 26, 2012
H1 2012 results: July 26, 2012
Q3 2012 Financial Information: October 24, 2012

LISI Group consolidated income statement

(In €'000)	*Notes*	*31/12/2011*	*31/12/2010*
Pre-tax sales		**925 095**	**776 689**
Changes in stock, finished products and production in progress		25 668	3 699
Total production		950 763	780 388
Other revenues *		14 457	15 395
Total operating revenues		**965 221**	**795 783**
Consumption		(275 698)	(214 169)
Other purchases and external charges		(187 797)	(160 810)
Value added		**501 726**	**420 803**
Taxes and duties **		(7 687)	(6 459)
Personnel expenses (including temporary employees)		(371 952)	(318 679)
EBITDA		**122 087**	**95 665**
Depreciation		(47 718)	(45 798)
Net provisions		2 274	(399)
EBIT		**76 643**	**49 467**
Non-recurring operating expenses		(2 931)	(1 600)
Non-recurring operating revenues		10 645	526
Operating profit		**84 356**	**48 393**
Financing expenses and revenue on cash		**(4 401)**	**(2 517)**
Revenue on cash		*658*	*430*
Financing expenses		*(5 059)*	*(2 947)*
Other interest revenue and expenses		**1 588**	**1 592**
Other financial items		*9 942*	*13 135*
Other interest expenses		*(8 354)*	*(11 543)*
Taxes (of which CVAE (Tax on Companies' Added Value)**		(24 270)	(14 704)
Profit (loss) from assets held for sale		805	
Profit (loss) for the period		**58 078**	**32 764**
attributable as company shareholders' equity		58 225	32 924
Interest not granting control over the company		(147)	(161)
Earnings per share (in €):		**5,61**	**3,19**
Diluted earnings per share (in €):		**5,61**	**3,19**

(In €'000)	*31/12/2011*	*31/12/2010*
Profit (loss) for the period	**58 078**	**32 764**
Other elements of overall earnings		
Exchange rate spreads resulting from foreign business	4 008	12 324
Tax charge on other portions of global income	-	-
Other portions of global earnings, after taxes	**4 008**	**12 324**
Total overall income for the period	**62 086**	**45 088**
attributable as company shareholders' equity	62 275	45 194
Interest not granting control over the company	(189)	(106)

LISI Group consolidated balance sheet

ASSETS

(In €'000)	*Notes*	*31/12/2011*	*31/12/2010*
LONG-TERM ASSETS			
Goodwill		182 611	152 287
Other intangible assets		15 382	17 054
Tangible assets		*326 872*	278 815
Long-term financial assets		*5 642*	5 394
Deferred tax assets		*23 596*	16 146
Other long-term financial assets		*24*	63
Total long-term assets		**554 127**	**469 759**
SHORT-TERM ASSETS			
Inventories		*238 879*	177 096
Taxes – Claim on the state		*915*	1 198
Trade and other receivables		158 847	126 721
Other short-term financial assets		*51 883*	58 619
Cash and cash equivalents		*45 675*	22 261
Total short-term assets		**496 199**	**385 896**
TOTAL ASSETS		**1 050 326**	**855 654**

TOTAL EQUITY AND LIABILITIES

(In €'000)	*Notes*	*31/12/2011*	*31/12/2010*
SHAREHOLDERS' EQUITY			
Capital stock		21 573	21 573
Additional paid-in capital		70 803	70 803
Treasury shares		(15 461)	(15 028)
Consolidated reserves		401 231	379 651
Conversion reserves		1 658	(2 392)
Other income and expenses recorded directly as shareholders' equity		3 025	1 933
Profit (loss) for the period		58 225	32 924
Total shareholders' equity - Group's share		**541 053**	**489 463**
Minority interests		1 458	858
Total shareholders' equity		**542 511**	**490 320**
LONG-TERM LIABILITIES			
Long-term provisions		48 177	39 023
Long-term borrowings		136 408	72 647
Other long-term liabilities		5 725	5 830
Deferred tax liabilities		38 387	34 859
Total long-term liabilities		**228 697**	**152 359**
SHORT-TERM LIABILITIES			
Short-term provisions		14 737	15 232
Short-term borrowings*		63 788	25 709
Trade and other accounts payable		194 711	162 440
Taxes due		5 882	9 594
Total short-term liabilities		**279 117**	**212 975**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 050 325**	**855 654**
** of which banking facilities*		29 565	*7 923*

LISI Group consolidated cash flow table

(In €'000)	*31/12/2011*	*31/12/2010*
Operating activities		
Net earnings	**58 078**	**32 764**
Elimination of net charges not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	47 665	43 823
- Changes in deferred taxes	(241)	(694)
- Income on disposals, provisions for liabilities and others	(8 700)	5 249
Gross cash flow margin	**96 801**	**81 142**
Net changes in provisions provided by or used for current operations	(1 503)	(1 669)
Operating cash flow	**95 299**	**79 474**
Income tax expense (revenue)	24 511	15 279
Elimination of net borrowing costs	4 009	2 525
Effect of changes in inventory on cash	(33 562)	(9 870)
Effect of changes in accounts receivable and accounts payable	13 203	23 954
Net cash provided by or used for operations before tax	**103 459**	**111 367**
Taxes paid	(28 138)	(3 453)
Cash provided by or used for operations (A)	**75 321**	**107 914**
Investment activities		
Acquisition of consolidated companies	(100 001)	(42 026)
Cash acquired	5 569	1 502
Acquisition of tangible and intangible assets	(65 182)	(51 974)
Acquisition of financial assets	(0)	
Change in granted loans and advances	(150)	476
Investment subsidies received		
Dividends received		2
Total cash used for investment activities	**(159 765)**	**(92 016)**
Disposed cash	(6 476)	
Disposal of consolidated companies	31 920	
Transfer of tangible and intangible assets	277	1 359
Disposal of financial assets	22	5
Total cash from disposals	**25 742**	**1 364**
Cash provided by or used for investment activities (B)	**(134 022)**	**(90 653)**
Financing activities		
Capital increase		1 404
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(10 913)	(7 216)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	**(10 913)**	**(5 812)**
Issue of long-term loans	87 914	10 912
Issue of short-term loans	229	79
Repayment of long-term loans	(2 062)	(3 436)
Repayment of short-term loans	(18 520)	(20 576)
Net interest expense paid	(4 052)	(2 593)
Total cash from operations on loans and other financial liabilities	**63 509**	**(15 614)**
Cash provided by or used for financing activities (C)	**52 596**	**(21 426)**
Effect of change in foreign exchange rates (D)	122	4 686
Effect of adjustments in treasury shares (D)	1 018	1 434
Changes in net cash (A+B+C+D)	**(4 965)**	**1 954**
Cash at January 1st (E)	72 957	71 003
Cash at year end (A+B+C+D+E)	67 992	72 957
Other short-term financial assets	51 883	58 619
Cash and cash equivalents	45 675	22 261
Short-term banking facilities	(29 565)	(7 923)
Closing cash position	**67 993**	**72 957**

Change in LISI Group consolidated shareholders' equity

(In €'000)	**Capital stock**	Capital-linked premiums (Note 7.3)	Treasury shares	Consolidated reserves	Conversion reserves	Other income and expenses recorded directly as shareholders' equity	Profit for the period, group share	**Group's share of shareholders' equity**	**Minority interests**	**Total shareholders' equity**
Shareholders' equity at January 1, 2010	**21 508**	**69 853**	**(16 264)**	**378 745**	**(14 662)**	**2 159**	**9 422**	**450 764**	**-125**	**450 639**
Profit (loss) for the period N (a)							32 924	**32 924**	-161	32 763
Translation differential (b)					12 270			**12 270**	54	12 324
Payments in shares (c)				789		232		**1 021**		1 021
Capital increase	65	950						**1 015**	389	1 404
Restatements of treasury shares (d)			1 236			627		**1 864**		1 864
Appropriation of N-1 earnings				9 422			(9 422)			
Various (*)						-1 086		**(1 086)**		(1 086)
Change in scope										
Dividends distributed				(7 216)				**(7 216)**		(7 216)
Reclassification			(174)	(527)				**(701)**	701	
Impact of deferred tax liabilities relative to CVAE (Tax on Companies' Added Value) (e)**				(1 391)				**(1 391)**		(1 391)
Shareholders' equity at December 31, 2010	**21 573**	**70 803**	**(15 202)**	**379 825**	**(2 392)**	**1 933**	**32 924**	**489 463**	**858**	**490 320**
				789	***12 270***	***859***	***32 924***	***46 843***		
Profit (loss) for the period N (a)							58 225	**58 225**	(147)	58 078
Translation differential (b)					4 050			**4 050**	(42)	4 008
Payments in shares (c)						979		**979**		979
Capital increase										
Restatements of treasury shares (d)			(259)			113		**(146)**		(146)
Appropriation of N-1 earnings				32 924			(32 924)	**0**		0
Change in methods ***				(1 428)				**(1 428)**		(1 428)
Change in scope ****									789	789
Dividends distributed				(10 913)				**(10 913)**		(10 913)
Restatements of financial instruments (f) *****				1 277				**1 277**		1 278
Various (e)				(454)				**(454)**		(454)
Shareholders' equity at December 31, 2011	**21 573**	**70 803**	**(15 461)**	**401 231**	**1 658**	**3 025**	**58 225**	**541 054**	**1 458**	**542 512**
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e)					***4 050***	***1 092***	***58 225***	***63 367***		