



LISI announces a proposed buyback offer in the context of the recomposition of the shareholding of CID, its controlling holding company

- **Proposed buyback offer for € 205 million, targeting 14.0%¹ of the share capital of LISI**
- **Offer price of € 27.0 per share (after dividend payment of € 0.15)², representing a premium of 24.0% on the closing price of February 22th, 2023**
- **Accretion of c. 9% on the estimated 2024 EPS³**

Grandvillars, February 23th, 2023

Presentation of the proposed Buyback Offer

The board of directors of LISI (“**LISI**” or the “**Company**”) approved in principle a proposed buyback offer (*offre publique de rachat d’actions*) (the “**Buyback Offer**”) aimed at proposing to its shareholders the buyback and cancellation of LISI shares, in the framework of a capital reduction not justified by losses, for a maximum number of 7,576,004 shares of the Company at a price of € 27.0 per share (after dividend payment)⁴, subject to the satisfaction of certain conditions. These 7,576,004 shares represent approximately 14% of the share capital of LISI⁵.

The price of € 27.0 (after dividend payment of € 0.15) per share represents a premium of 24.0% on the closing share price of February 22, 2023 (last trading day before the announcement of the characteristics of the proposed Buyback Offer) and a premium of 25.7% and 34.6% on the volume weighted average price for the 20-trading day and 60-trading day periods preceding that date.

¹ Based on a share capital composed of 54,114,317 shares representing 90,113,388 theoretical voting rights of LISI as of December 31, 2022, in accordance with the provisions of Article 233-11 of the AMF’s General Regulations.

² After payment of the dividend of 0.15 euros per LISI share proposed to the LISI ordinary general meeting of shareholders. As a result, the price per LISI share in the context of the proposed Buyback Offer would remain 27.0 euros after payment of such dividend.

³ 2024 constitutes a reference financial year for which it is expected a normalized level of activity following the consequences of the covid period and the war in Ukraine. The number of shares (excluding treasury shares) used for the calculation of the EPS 2024 post - Buyback Offer is based on the case where 100% of the targeted LISI shares are tendered to the proposed Buyback Offer.

⁴ After payment of the dividend of 0.15 euros per LISI share proposed to the LISI ordinary general meeting of shareholders. As a result, the price per LISI share in the context of the proposed Buyback Offer would remain 27.0 euros after payment of such dividend.

⁵ Based on a share capital composed of 54,114,317 shares representing 90,113,388 theoretical voting rights of LISI as of December 31, 2022, in accordance with the provisions of Article 233-11 of the AMF’s General Regulations.

Background of the Buyback Offer

The proposed Buyback Offer would occur in the context of a recomposition of CID shareholding⁶, the controlling shareholder of LISI, which holds 54.8% of the share capital and 65.8% of the voting rights of LISI⁷. An agreement was entered into on February 23, 2023 between CIKO, Viellard Migeon & Cie (“VMC”), Peugeot Invest⁸ (CID's main shareholders), which contemplates, subject to the satisfaction of certain conditions, the proposed Buyback Offer of LISI, followed by a share capital reduction of CID not justified by losses.

Following the completion of the proposed Buyback Offer, CID would propose to its own shareholders a share capital reduction through the buyback of its own shares representing a maximum percentage of 41.8% of its share capital, in exchange for a consideration comprising mainly LISI shares that CID holds, as well as a limited amount of cash. This buyback transaction by CID would enable CID shareholders, other than its controlling shareholders, CIKO and VMC, to sell up to their entire shareholding in CID⁹. Peugeot Invest has committed to tender its entire 25.4% shareholding in CID to this buyback offer¹⁰.

In this context, LISI proposes, through the proposed Buyback Offer, to provide its shareholders who so wish, with a partial but immediate window of liquidity, that the market does not currently offer them for significant amounts, and which would externalize a value more consistent with the LISI's financial performance than that currently observed on the stock market.

The proposed Buyback Offer will enable shareholders who do not tender their shares to the offer, or whose tendering orders are reduced as part of the centralization process, to benefit from an accretion of c. 9% on the estimated 2024 EPS¹¹.

Finally, the reduction in the free float resulting from the proposed Buyback Offer could be offset by the delivery of LISI shares to CID shareholders.

Financing

Based on a price of € 27.0 per share, the proposed Buyback Offer would represent a maximum amount of c. € 205 million that LISI would finance by additional debt in an amount of up to €200 million under a new credit facility and by available cash for the remainder.

Following the proposed Buyback Offer, LISI would maintain a sound financial structure, enabling it to finance its growth, in line with the strategy it currently implements.

⁶ A company controlled jointly by CIKO and Viellard Migeon & Cie, which are respectively the family holding of the Kohler family and the family holding of the Viellard family, the two founding families of the LISI group.

⁷ Based on a share capital composed of 54,114,317 shares representing 90,113,388 theoretical voting rights of LISI as of December 31, 2022, in accordance with the provisions of Article 233-11 of the AMF's General Regulations.

⁸ and Peugeot Invest Assets, a wholly-owned subsidiary of Peugeot Invest.

⁹ If the number of LISI shares tendered to the proposed Buyback Offer is lower than the number of LISI shares that were targeted, the number of CID shares targeted in the buyback by CID would be reduced in certain instances, so that the aggregate direct holding of VMC and CID in LISI represents at least 50.1% of LISI's share capital, after completion of all transactions. In such case, CID shareholders would not be able to sell their entire shareholding in CID as part of the buyback of its own shares proposed by CID.

¹⁰ Subject to the legal mechanism of reduction of orders, in the case of a reduction of the number of CID shares targeted by the CID buyback.

¹¹ In the event that all of the LISI shares targeted are tendered to the proposed Share Buyback Offer.

Assuming that 100% of LISI targeted shares are tendered to the proposed Buyback Offer, the financing structure of the proposed Buyback Offer would imply a leverage ratio that would be reasonable having regard to the financial structure of the Company (net debt/EBITDA 2023^e multiple of c. 2.3x vs. c. 1.6x at the end of 2022).

Intentions of the main shareholders of LISI

Peugeot Invest¹², which holds 5.1% of the share capital and 6.1% of the theoretical voting rights of LISI, has undertaken to tender its entire shareholding in LISI to the proposed Buyback Offer¹³. CID and VMC, which hold respectively 54.8% and 5.8% of the share capital and 65.8% and 6.5% of the theoretical voting rights of LISI, would not tender their shares to the proposed Buyback Offer.

As a result, if the other shareholders comprising the LISI free float, which represent (excluding treasury shares) 32.2% of the share capital, tender all of their shares to the proposed Buyback Offer, they would benefit from a liquidity on at least c. 38% of their shareholdings.

Relations between the main shareholders after the transactions

In the event that the transactions described above are actually implemented, several shareholders' agreements would enter into effect at the same time as the completion of the reduction in the share capital of CID, including:

- At LISI level, a shareholders' agreement (which does not imply a concerted action) between Peugeot Invest¹⁴, CID and VMC for a period of 5 years from the date of completion of the share capital reduction of CID, which mainly provides for the presence of two directors proposed by Peugeot Invest on LISI's Board of directors, as long as its (including its affiliates') shareholding in LISI remains at least equal to 10% of the share capital, and only one director proposed by Peugeot Invest in the event that such shareholding represents between 5% and 10% of the share capital.
- At the level of CID¹⁵, shareholders' agreement (implying a concerted action) between CIKO, VMC and CID, for a period of 20 years from the date of the completion of the share capital reduction of CID, providing for the continuation of the strictly parity-based family management of CID by VMC and CIKO (with, in particular, equal representation on the Board of directors of CID and LISI), as well as, in particular, a commitment by VMC to vote at LISI's general meetings in the sense determined by CID.

Shareholding of the main shareholders in LISI and in CID post-transactions

If the proposed transactions described herein were actually completed, following these transactions¹⁶, CID would hold with VMC, 50.1% of the share capital and 65.3% of the theoretical voting rights of LISI, with CID alone continuing to hold the majority of the theoretical voting rights

¹² Through its wholly-owned subsidiary, Peugeot Invest Assets.

¹³ Subject to the legal mechanism of reduction of orders.

¹⁴ Including a wholly-owned subsidiary of Peugeot Invest, Peugeot Invest Assets.

¹⁵ The existing shareholders' agreement between CIKO, VMC and Peugeot Invest relating to CID would be terminated concomitantly.

¹⁶ Assuming that 100% of LISI targeted shares are tendered to the proposed Buyback Offer

(56.1%) of LISI. Peugeot Invest¹⁷ would hold 16.0% of the share capital and 12.7% of the theoretical voting rights of LISI. VMC and CIKO would continue to control jointly CID.

Indicative timetable

At its January 18th, 2023 meeting, the Board of directors of the Company appointed Finexsi, represented by M. Olivier Péronnet (14 rue de Bassano, 75116 Paris), as independent expert in charge of preparing a report on the financial conditions of the proposed Buyback Offer, pursuant to Article 261-1, 1.3° and 4° of the General Regulation of the French financial markets authority (the “**AMF**”), on the basis of the recommendation made by the ad-hoc committee comprising a majority of independent directors.

During its meeting held on February 23th, 2023, the Board of directors of LISI approved the financial statements for the year 2022, proposed the payment of a dividend of € 0.15 per LISI share, and approved the principle of the Buyback Offer and its characteristics. It also decided to submit a resolution to the Extraordinary General Meeting of LISI shareholders convened for April 12, 2023, with a view to implementing the capital reduction by means of a public buyback offer and cancellation of a maximum number of 7,576,004 shares.

The transactions described herein are subject to certain conditions precedent, in particular the delivery of the report of the independent expert on the fairness of the price proposed in the context of the proposed Buyback Offer, as well as on the sustainability of the financing terms and conditions of the proposed Buyback Offer, the issuance of a compliance decision (*décision de conformité*) by the AMF on the proposed Buyback Offer, the finalization of the credit facility agreement mentioned above, the authorization by LISI's Extraordinary General Meeting of the capital reduction within the context of the proposed Buyback Offer, and obtaining a confirmation (that can no longer be the subject of a challenge) by the AMF that the transactions described herein do not require the filing of a compulsory takeover bid on all LISI shares.

The Board of Directors of LISI will meet again in early March 2023 to resolve on the proposed Buyback offer through a reasoned opinion and authorize the filing of the proposed Buyback Offer with the AMF, on the basis of: (i) the reports on the proposed Buyback Offer established by Banque Degroof Petercam and Portzamparc BNP Paribas as presenting banks, (ii) the report from the independent expert, Finexsi, and (iii) the draft information notice (*projet de note d'information*). The filing of the proposed Buyback Offer with the AMF therefore remains conditional on approval by the Board of directors of LISI.

The proposed Buyback Offer and the draft information notice will remain subject to approval by the AMF.

In accordance with practices recommended by the AMF, the liquidity contract entered into with Oddo BHF is temporarily suspended as from today.

¹⁷ Through its wholly-owned subsidiary, Peugeot Invest Assets.

The listing of LISI share (ISIN : FR0000050353) will resume on February 24th, 2023, at market opening.

Financial advisors:

CID: Degroof Petercam Investment Banking
CIKO: Philippe Hottinguer Finance

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This press release does not constitute an offer to purchase or the solicitation of an offer to sell any securities or any solicitation of any such offer, directly or indirectly. The documentation relating to the tender offer which, if filed, will include the terms and conditions of the buyback offer, will be subject to review by the French Financial Market Authority.

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About LISI Group

LISI is a global industrial group, specializing in the manufacture of high value-added assembly solutions and components for the aerospace, automotive and medical sectors. As a partner of the world's leading players and thanks to the commitment of more than 9,600 employees in 13 countries on 4 continents, LISI innovates and invests in the research and development of tomorrow's products; to meet the needs of its clients, particularly in terms of quality, safety and performance.

The LISI Group differentiates itself by focusing on two strategic areas: innovation and operational excellence, while integrating a strong CSR culture.

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