S.T. Dupont
PARIS
MAÎTRE ORFÈVRE, LAQUEUR & MALLETIER DEPUIS 1872

S.T.Dupont announces a reorganisation and the implementation of a voluntary redundancy plan mostly at its Faverges production site in response to the decline in its activity and to ensure the future of its plant.

Faverges, Tuesday, October 6, 2009

To maintain the expertise of its sole plant worldwide in France, S.T.Dupont presented the Central Works Committee, which met on October 6 in Faverges, with a proposal consisting of two complementary aspects: the reorganisation of the site's management structure combined with a voluntary redundancy plan. This voluntary redundancy plan, which will cover all employee categories, will affect 72 people out of the company's total staff of 442. The measures will fall under a new agreement between management and employees and are to be accompanied by strong commitments by the Group.
Throughout the financial year 2008/2009, S.T.Dupont has experienced a downturn in activity, linked firstly to the fire at its plant at the start of 2008, and secondly to the impact of the global crisis at the end of 2008.
The reconstruction of the plant (decided on immediately after the fire) and the compensation paid by the company's insurers after the incident have reduced the impact of the crisis on the accounts.
Activity has remained low in 2009 with no sign of recovery. Since the second quarter of this year, the plant's capacity utilisation rate has varied between 40 and 60% depending on the month and the product family.
Initially, the company resorted to partial layoffs, while keeping the largest possible proportion of employees at the same monthly salary. The foreseeable lack of a rise in sales in the upcoming months means that the operation of every department must be reviewed so that the production centre at Faverges and the know-how accumulated within the region can be preserved. The plant produces almost all the "lighters" and "pens" sold by the Group and half of its range of "accessories".
The proposal presented to the Central Works Committee this Tuesday morning applies the measure across every socio-professional category.
The redundancy plan would affect 50% of the management, 30% of the fixed employees (administration and production) and 27% of the variable production staff.

Given the social and human impact of this decision, S.T.Dupont has expressed a wish to frame discussions with employee representatives within an agreement between management and staff.
For instance, ST-Dupont

- Plans to sign a Partial Layoff Agreement with the State to increase the reimbursement amount from 60 to 75% in exchange for a commitment by the company to safeguard jobs.
- Is exploring options for compensating the employees who have been the most affected by the partial layoffs. This must take into account the company's financial resources. For the record, given the current economic environment, the members of the executive committee have waived any bonuses for the last two years (equal to a 30% drop in income).

This plan aims to return the production site to profit. It supplements the cost reduction measures taken by the company worldwide. The focus on renewed profitability should see S.T.Dupont through the difficult crisis period, whose impact is being felt by every luxury goods company and market, while keeping its expertise in France and maintaining the brand's ability to bounce back when growth resumes.

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