

**COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN**

**Michelin reorganises its activities in the United Kingdom, Italy, and Germany**

Michelin is building up its competitive edge serving European growth and to address changing markets.

Michelin employs over 65,000 people and has 40 production sites in Europe representing 40% of the Group's activity. The competitive environment and the economic crisis of the past few years have lastingly affected the European tire market and, in particular, the market for new and retread truck tires. To maintain its position as leading manufacturer and continue to develop in Europe, Michelin has decided to consolidate its positioning on high added-value production.

With this in mind, Michelin undertakes a reorganization plan of its activities in the UK and in Italy. This will be accompanied by an investment of 265 million Euros to modernise production facilities and the logistics network in these countries. The Oranienburg Pneu Laurent site in Germany will cease operations.

**Italy**

Italy is one of Michelin's major European bases. Michelin Italy manufactures over 10% of European production and employs more than 4,000 people, 80% of whom work on production sites. To address changing markets and maintain a strong base in Italy, the Group has implemented a five-year strategic plan. This will be supported by an investment of 180 million Euros to significantly develop Italy's car, van and truck tire volumes by 2020 by reinforcing its Cuneo and Alessandria sites.

**Reinforcement of the Cuneo site to develop the activity**

With more than 2,000 employees, the Cuneo plant is currently Michelin's largest Passenger car & Light truck tire production site and is also one of the largest semi-finished product production sites in Europe. The project plans to increase Passenger car & Light truck tire production by 20% by 2020, relating to current market forecasts, by continuing to move production upmarket to high and very-high performance tires and by significantly improving competitiveness.

**Alessandria (Truck): site specialised in new tire production**

The Alessandria site (more than 800 employees) will be specialising in the production of new truck tires with an objective of a 20% increase in production by 2020, relating to current market forecasts. The site's retread activity will cease in mid-2016 due to a sharp deterioration in the retread market.

**Fossano (Semi-finished products): site scheduled to be closed in late 2016**

Site production has dropped by 45% since 2009 due to price pressure on these types of semi-finished products. In a context of overcapacity, Michelin needs to streamline its production facilities to maintain competitive production costs. The Fossano site, which employs 400 people, will therefore

close in late 2016. Its production will be purchased from external suppliers or be taken over by the Group's other facilities in Europe.

### **Reorganisation of the logistics network**

To improve distribution circuit performance, Michelin's logistics network in Italy will be transformed with the aim of concentrating stock near the Cuneo and Alessandria sites. The Turin and Rome warehouses will be modernised and will serve the whole of Italy. The Tribano warehouse, which employs 28 people, will be closed in late 2017.

Michelin's reorganisation of its activities in Italy will affect 578 jobs by 2020. Michelin undertakes to personally assist each employee concerned in finding alternative employment and will be implementing an innovative return to work support programme. This project will be developed with staff representatives over the next few weeks.

### **UK**

The Michelin Group has had operations in the UK for over one hundred years and is the country's leading tire manufacturer. Michelin Tyre PLC was established in 1905 and currently employs 2,500 people.

To adapt to changing markets and consolidate its presence in the UK, Michelin will be refocussing its activity on growth segments of the Passenger car & Light truck tire, and retread markets. Eighty five million Euros will be invested in this strategy before 2020.

### **Ballymena (Truck): proposal to ramp down by mid-2018**

The proposal to run down the truck tire factory in Ballymena has been made in light of the specific difficulties the site has been experiencing for several years: very aggressive competition and manufacturing overcapacity on the truck tire market, heavy logistics costs due to its location, and high production costs principally due to the price of energy. An employee consultation process will begin immediately regarding the run-down proposal. The Ballymena factory currently employs 860 people, and MTPLC is committed to supporting those employees during the consultation and in the forthcoming months.

### **Dundee (Passenger car & Light truck): 69 million Euros investment plan**

Dundee, which employs 855 people and manufactures car tires, will benefit from an important investment. The investment will increase production by 30 per cent by 2020, according to current market forecasts, through the installation of new machinery, enabling the production of larger tires which are a growing segment of the market. A new warehouse will be built on-site to accommodate this increased production.

### **Stoke-on-Trent (Retread) : confirmation of the industrial strategy**

The Stoke-on-Trent site (260 employees) has transformed its retread production facilities over the past few years as part of a new multi-brand strategy. An investment of 16 million Euros will be used to build a new storage facility to serve all MTPLC customers, dealers and partners from a single logistics platform.



The investment at Stoke and Dundee will result in the creation of 110 jobs.

In Italy and the UK, Michelin Development will implement the necessary means to revitalise the areas concerned.

**Germany (Retread) : the Pneu Laurent site will be closed in 2016**

Due to the serious difficulties experienced on the European retread market, Pneu Laurent will close its Oranienburg site at the end of 2016 and will group all of its activities at its French site in Avallon. Pneu Laurent undertakes to implement a programme that is as comprehensive as possible to ensure that an appropriate solution for each of the 180 employees of the Oranienburg site is found.

To finance these projects of reorganisation, Michelin Group will recognize a non-recurring impairment loss of around 280 million Euros in 2015.

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