



PRESS RELEASE

Toulouse, June 7, 2016

Latécoère presents its¹ *Transformation 2020* project and initiates its strategic redeployment

- Building upon the Boost plan successfully deployed since 2014, the goal of the *Transformation 2020* strategic project is to prepare the Group to fully benefit from the next cycle of new programs expected over the period between 2020 and 2025 based on renewed competitiveness and investment capacity.
- This project would entail a major transformation of the Group's industrial model, a key condition step for its strategic redeployment and development.
- The industrial redeployment project in France would include a new manufacturing site to be created in the Toulouse region.
- It would also require measures for adapting the organization including a voluntary redundancy plan (*Plan de Départ Volontaire*) followed by a job saving plan (*Plan de Sauvegarde de l'Emploi*) and also maintaining in Southwest France the Group's decision-making center along with high value added operations including engineering and research & technology.
- Over the 2017-2021 period, Latécoère is expected to devote nearly €100 million to manufacturing investments and to double resources for its R&T projects and in this way to be prepared for the next aerospace production cycle.
- As it refocuses on its core businesses, the Group is studying the opportunity of Latécoère Services' disposal though no decision has been made to date.

Latécoère today presented the *Transformation 2020* strategic project approved by the Board of Directors on June 6, 2016 to the employee representative bodies of Latécoère SA (Aerostructure Industry) and LATElec (Interconnection Systems).

This project aims to improve the Group's competitiveness and adapt it to the needs of its aerospace industry customers currently going through a phase of major transformation within an increasingly demanding competitive ecosystem.

It will also enable the Group to strategically reposition itself by:

- strengthening its leadership positions in passenger doors, avionics bays and electrical harnesses;
- developing its presence in markets close to its core businesses and with new customers by leveraging its combined mechanical and electrical know-how;
- offering aircraft manufacturers and airlines modular infrastructure and interface products for simplified systems installation.

¹ Implementation of this project is subject to prior procedures for informing and consulting with employee representative bodies.



The Group's goal is to provide end-to-end solutions from design to installation, and including assembly and re-certification support for its products.

The adaptation of the Group's industrial model would entail:

- reinforcing the Gimont and Liposthey plants thanks to the transfer of all the Tarbes plant activities and selected production activities currently being carried out in the Périole plant in Toulouse;
- creating a new production site near the Group's Toulouse headquarters with more than one hundred employees and representing an investment of approximately €20 million to enable re-insourcing production for certain elementary parts;
- a new facility in Bulgaria to host light low-added value assembly operations;
- continuing international development involving the transfer of some activities closer to customers and reducing flows between sites.

Investments planned in France will make it possible to preserve key Group know-how while developing the Group additional business volume. A better geographic distribution of the industrial footprint will strengthen the Group's competitive advantages and abilities for developing new activities that will benefit French sites.

In connection with the different measures under consideration, Group staffing levels would be adapted to the business volume of Latécoère which today employs 4,964² people including 2,356 in France. On this basis, the project could entail a net reduction for the entire Group of 236 jobs (232 for the Aerostructure division and 4 for the Interconnection Systems division).

The meeting with the employee representative bodies of Latécoère SA and LATElec to date made it possible to distribute documents relating to the job saving plan to elected officials and trade union representatives. The upcoming meetings will mark the beginning of an information-consultation process with Work Councils, the Central Works Council (Comité central d'entreprise) and the Health, Safety and Working Conditions Committees (CHSCT) of both legal entities that should be completed early November 2016.

Management wishes to facilitate dialogue with labor relations partners with the goal of reaching an agreement on employment support measures in keeping with the spirit of the French job security law ("*Loi de Sécurisation de l'Emploi*"). The Group undertakes to give priority to internal redeployment measures and facilitating transfers within the aerospace sector in the region. A voluntary redundancy plan (*Plan de Départs Volontaires* or PDV) will also be implemented to limit the social impact of the project. The Group will in addition propose measures to provide quality individual support to each employee concerned by the project.

Commenting on the *Transformation 2020* project, Frédéric Michelland, Latécoère's Chief Executive Officer, stated: "*Thanks to the substantial efforts that have been carried out over the last two years through the Boost plan, Latécoère has turned around its operating performance and strengthened its key financials. Today, as announced, we are launching our strategic project, Transformation 2020, to enable Latécoère to restore its competitiveness and reinvest in its future. This plan is destined to equip the Group with a robust industrial model and investment program allowing it to reposition itself within higher value-added segments.*

I am fully conscious of what the measures of this project represent to all employees. They are nevertheless key conditions if we want to guarantee our Group's future and resilience and restore its ability to capture growth opportunities to which it can legitimately aspire, in particular, in relation to the new future programs over the 2020-2025 period.

² Workforce at April 30, 2016



This reorganization represents a new chapter in the history of Latécoère's development, a chapter reflecting an ambition to bolster its industrial base. Today we are a major market player and partner of the aerospace industry and we are committed to being even more tomorrow alongside our existing and future customers.

Trading in Latécoère shares was suspended today on June 7, 2016 at the company's request and will resume on June 8, 2016 when the markets open.

About Latécoère

Latécoère is a tier 1 partner to major international aircraft manufacturers (Airbus, Embraer, Dassault, Boeing and Bombardier), in all segments of the aeronautical market (commercial, regional, corporate and military aircraft), specializing in three fields:

- Aerostructures-Industrial (58% of total revenue): fuselage sections and doors.
- Aerostructures-Services (14% of total revenue): design, stress analysis and definition of industrial products - design, manufacturing & maintenance of tooling and special assemblies
- Interconnexion Systems (30% of total revenue): onboard wiring, electrical harnesses and avionics bays.

At 31 December 2015, Latécoère had total consolidated revenues of €712.4 million and its order book stood at €2.6 billion (based on a USD/EUR exchange rate of 1.35).

Latécoère, a French corporation (société anonyme) with capital of €186,694,330 divided into 93,347,165 shares with a par value of €2 per share, is listed on Euronext Paris - Compartment B. ISIN codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP

