PRESS RELEASE
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COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN

At its Investor Day, Michelin announces the scale-up of its competitiveness plan, targeting cost savings of €1.2 billion between 2017 and 2020

At the Investor and Analyst Day organized on June 6 at the Ladoux Technology Center in France, Michelin announced that it was scaling up its competitiveness plan, targeting cost savings of €1.2 billion between 2017 and 2020, i.e. €300 million per year, on the back of expected annual savings of some €200 million to 250 million in the period 2012-2016.

The Group intends to use several levers to achieve a further €500 million to €550 million reduction in overheads:

- Given the number of employees nearing retirement, some of whom will not be replaced, training and human resources planning programs will enable the Group to offer new career opportunities and re-align skill-sets with its needs.
- New business processes and standard information systems continue to be deployed, with the aim of reducing inventories and annual expenses by some €250 million and €200 million respectively by 2020, while also ensuring better customer service.
- Lastly, the simplification initiative launched in late 2015 will benefit the Group’s various units as well as its internal organization, in particular with the broadening of the shared service centers' responsibilities.

At the same time, the cost of raw materials is expected to decline by between €150 million and €200 million over the same period thanks to the ongoing optimization of raw material content and the engineering of lighter tires.

In addition, the programs set up over the past five years to improve manufacturing efficiency will be pursued:

- Increasing production capacity in Asia, North America and South America.
- Improving capacity utilization, with plants that produce over 100,000 tonnes a year accounting for a growing proportion of total output.
- Signing contracts in Europe to lock in progress, responsiveness and productivity.
- Capitalizing on projects designed to boost productivity and empower manufacturing teams.
- Deploying measures to improve customer service at the Group's plants, a fundamental driver of business growth.

Other levers have also been activated, including a 30% reduction in unit investment costs achieved through efficiency programs, the reorganization of engineering processes, and systems to independently manage performance and progress.

In light of all these measures, the Group has set a target of reducing production costs by between €450 million and €500 million between 2017 and 2020.

All of the Investor Day presentations will be posted on the Group's website (www.michelin.com/eng) in real time.
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