

MARCH 19, 2018

**FENNER PLC
RECOMMENDED
TAKEOVER OFFER**

***ACCELERATING MICHELIN'S EXPANSION INTO
ENGINEERED MATERIALS***

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Michelin to Acquire Fenner PLC, a Global Leading Provider of Conveyor Belt Solutions & Reinforced Polymer Products

- A strategic acquisition with compelling value creation potential, in line with Michelin's ambition to leverage its expertise in high technology materials
- Fenner, with FY17 revenues of £655m, is a highly complementary business that enhances Michelin's engineering and customer solutions offering whilst sharing similar values to the Group
- Provide a comprehensive offering to mining customers
 - Combining Michelin's mining tire and Fenner's conveyor belt, products and services
 - Leveraging complementary footprints
 - Creating synergies and growth opportunities
- Expand engineered materials division with a complementary polymer portfolio
 - Combining reinforced polymers expertise
 - Creating a platform to further expand polymer activities
- Michelin offers £6.10 per share for Fenner PLC, representing an enterprise value of £1.3bn

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Fenner PLC recommended takeover offer

- 1 / Fenner at a glance**
- 2 / Providing a comprehensive offering to the mining market**
- 3 / Combining expertise in reinforced polymer to develop engineered materials division**
- 4 / Transaction overview**
- 5 / Conclusion**

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1 / Fenner at a glance

Fenner: Best-in-Class Engineered Products Player

A Global Leading Provider of Conveyor Solutions & Reinforced Polymer Products

- A global leading player in heavy duty conveyor belts and reinforced polymer technology
- An established global supplier of engineered rubber-based products to mining and industrial markets
- Strong engineering culture
- Excellent position in aftermarket and services
- Attractive exposure to manufacturing and commodities
- Low capex intensity

Note: Fenner fiscal year ends August 31

* As of August 2017

Key Figures Fenner		
<i>(in £ millions)</i>	FY17	2010-2017 average
• Net sales	655	693
• EBITDA	86	98
• EBITDA margin	13%	14%
• 4,330 employees*		

ECS: A World Leader in Heavy Conveyor Belts

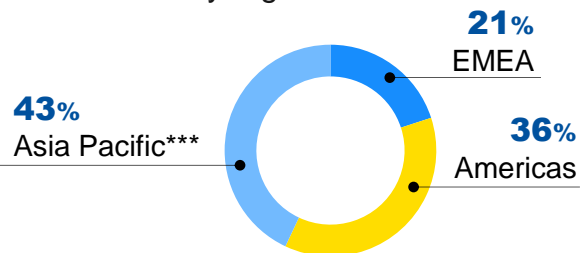
#2* Worldwide and Supplier of Choice for Largest Miners



Key Figures

(in £ millions)	FY17	through the cycle 2010-2017
• Net sales	361	449
• EBITDA**	39	59
• EBITDA margin**	11%	13%

▲ FY17 Net sales by region



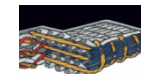
Portfolio Overview



Heavyweight Conveyor Belting

Products
(78% FY17
net sales)

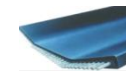
15 plants



Solid Wovens



Ply Belts



Steel Cords

Services
(22% FY17
net sales)



* #2 global suppliers of heavyweight conveyor belt. Source: Fenner PLC annual report

** Excluding allocation of corporate costs *** Includes Australia

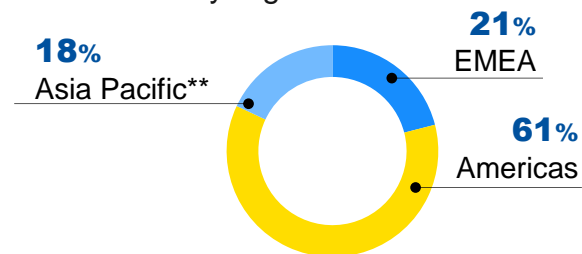
AEP: A Leading Diversified Polymers Engineered Products Player



Key Figures

(in £ millions)	FY17	average 2010-2017
• Net sales	294	244
• EBITDA*	56	46
• EBITDA margin*	19%	19%

▲ FY17 Net sales by region



* Excluding allocation of corporate costs

** Includes Australia

Portfolio Overview

	Advanced Sealing Technologies	Precision Polymers	Solesis Medical
Net sales growth FY17 vs FY16	+24%	+18%	+4%
% Net sales	44%	37%	19%
Brands			
Markets	O&G, construction, energy, industrials	Industrials, agriculture, mining	Medical
Products	Seals Wear products Precision machined products 	Elastomers Hoses 	Biomedical & Medical Technology
22 plants			



Positive Business and Financial Momentum

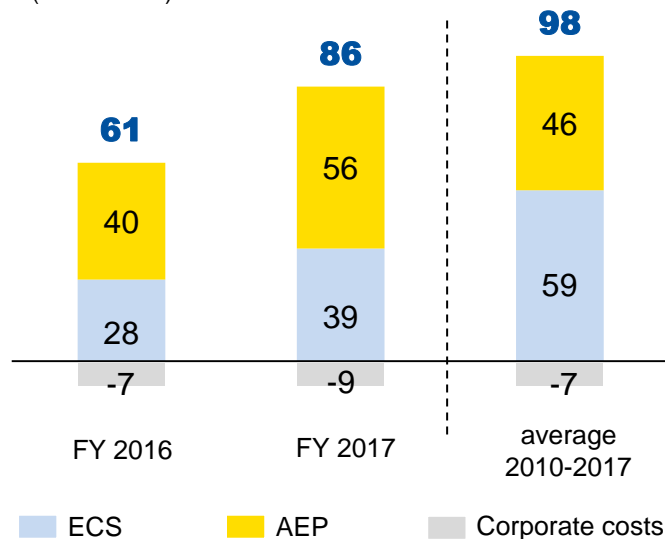
Positive Operations Momentum

- Attractive end-market outlook
 - Leveraging solid mining recovery
 - Favorable outlook for engineered polymers markets
- Efficiency plan and gains achieved
- Further expansion of Fenner as diversified industrials and healthcare player
- Multiple trading guidance upgrades over the last two years

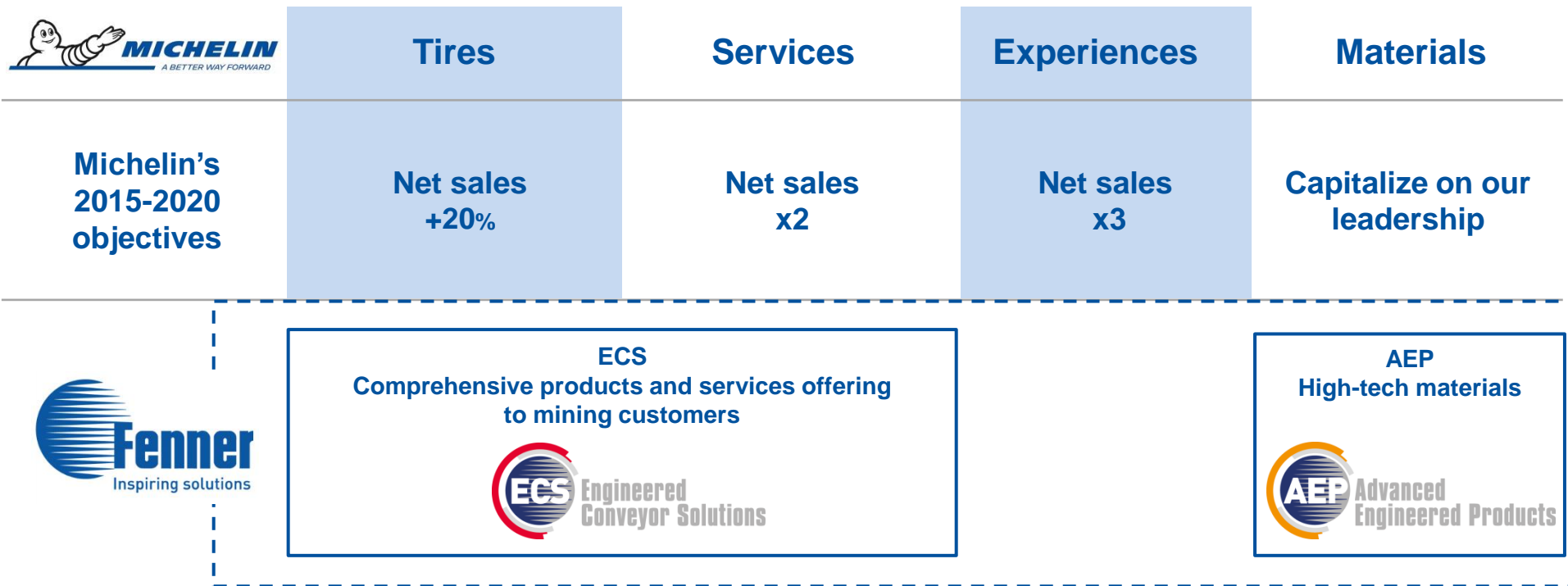
Paving the way for an ambitious strategic plan

Strong Performance Improvement

▲ Fenner EBITDA Evolution
(in £ millions)



Combination with Fenner Strengthens 3 Out of 4 Pillars of Michelin's Strategy



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2 / Providing a comprehensive offering to the mining market

ECS Complements Michelin's Offering to Mining Clients



MICHELIN Tires



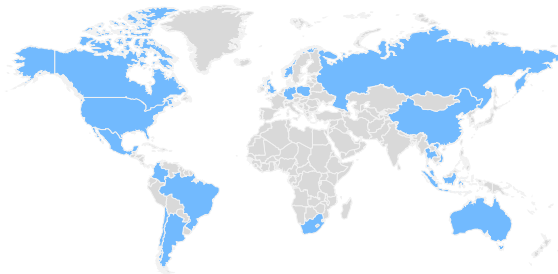
MICHELIN MEMS Tire solution



Mining Customers



Top Mining Regions Globally *



ECS conveyor



Conveyor services



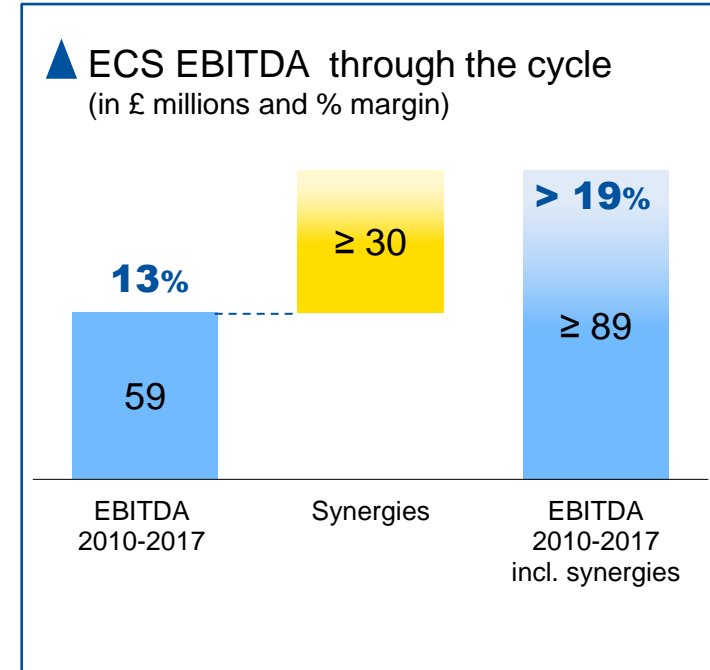
Source: Oxford Economics

* Top 20 countries by capex spent in 2017



Immediate Identified Synergy Potential of £30m and Various Areas of Opportunities

- **Procurement:** Fenner benefiting from Michelin's purchasing expertise
- **Industrial processing efficiencies**
- **Innovation:** Cross fertilization between Fenner and Michelin on products, processes and competences
- **Services:** Leverage customer service organization
- **Footprint:** Fenner's access to Latin America and Asia
- **Offer:** global comprehensive offering to customers worldwide



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3 / Combining expertise in reinforced polymers to develop engineered materials division



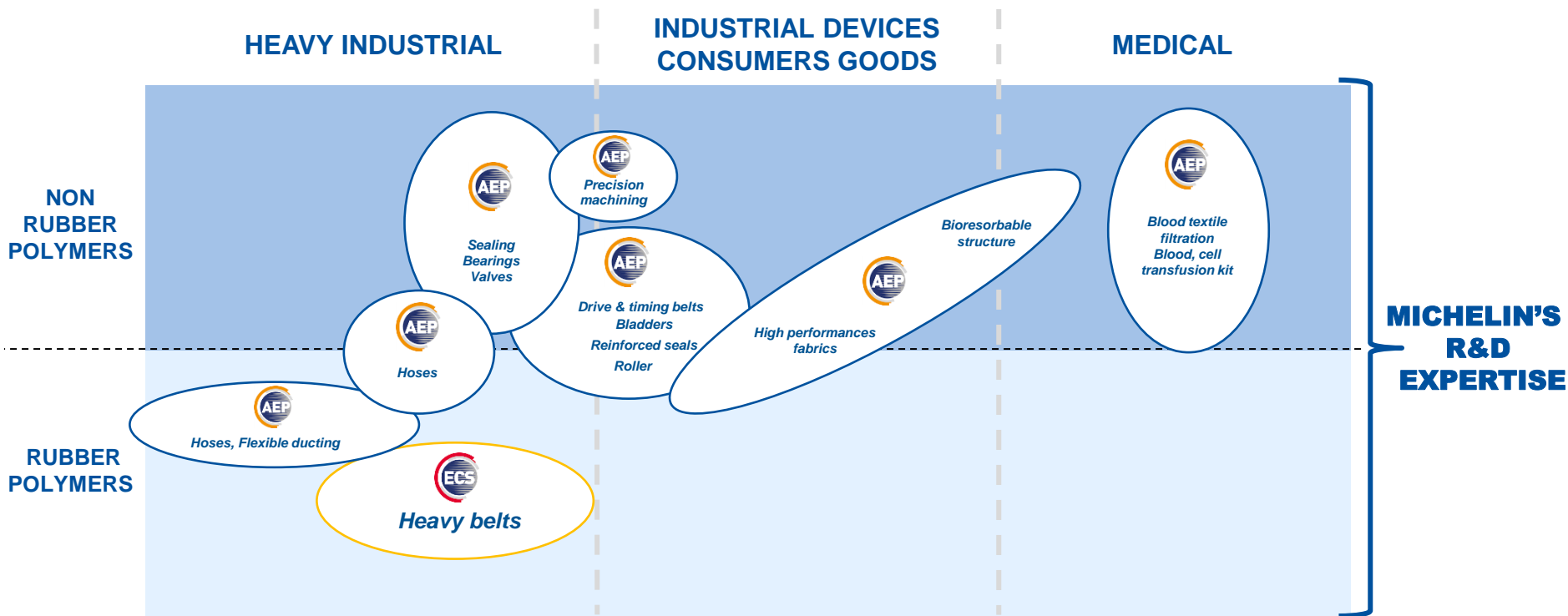
Further Expand Polymer Activities in New Segments



- Michelin to benefit from new materials expertise
 - High-tech non rubber polymers
 - Thermoplastic elastomers
 - Complex textile reinforcements
- Michelin to leverage its expertise into
 - Polymer research and compound design
 - Performance understanding, modeling and testing
 - Product performance enhancement through raw material expertise
 - Metal 3D printing and innovation in manufacturing
- A cross-fertilization platform, AEP and Michelin, to develop into high-tech polymer area.



A Complementary High-Tech Polymers Portfolio and a Wider Range of Customers Enhanced by Michelin R&D Expertise



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4 / Transaction overview

Transaction Overview

Key Transaction Terms

- Michelin to acquire Fenner plc for £6.10 per share representing an Enterprise Value of £1.3bn
- 30,7% premium to pre-announcement closing share price as of March 16, 2018
- Michelin cash out of £1.2bn and immediate cash return to Fenner's shareholders

Value Creation

- £30m identified synergies full effect in year 2; limited implementation cost
- Expected EPS accretive in year 1
- 10.4 x average FY10-17 EBITDA post £30m synergies ⁽¹⁾

Full Cash Acquisition

- All cash acquisition with fully committed financing⁽²⁾
- Consistent with Michelin's financing policy, and preserves solid A-/ A3 credit rating

Fenner Board Support

- Unanimous recommendation by Fenner's Board of Directors

Key Conditions

- Subject to customary closing conditions and regulatory approvals
- Transaction expected to be implemented by way of Scheme of Arrangement, Fenner shareholder meeting to be convened in May 2018

(1) Calculated as Enterprise Value of £1.3bn divided by the average EBITDA over FY10 to FY17 of £98m plus annual synergies of £30m

(2) Bridge loan fully underwritten

Anticipated Timeline

April

- Posting of Scheme document to Fenner's shareholders

Mid May

- Fenner shareholders' meeting

End of Q2 2018

- Court sanctions hearing validating the Scheme
- Expected closing

Note : All timings subject to change and closing conditions including regulatory approvals

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5 / Conclusion

A Strategic Acquisition with Compelling Value Creation Potential

- Fenner: a strong asset in line with Michelin strategy
 - ECS: comprehensive offering to mining clients with engineered rubber products
 - AEP: broadened high-tech materials expertise and innovation
 - Highly experienced and skilled teams
- Michelin and Fenner: a promising value creative merger
 - Leverage Michelin expertise – 4th dimension strategy
 - Complementary footprints enabling significant commercial opportunities
 - Compelling procurement and operational synergies identified
 - Strong value creation potential for Michelin shareholders, while consistent with Group's financial discipline

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Appendices

Fenner Key figures

<i>(in £ millions)</i>	2017	2016
Net sales	655	573
EBITDA	86	61
EBITDA margin	13,1%	10,6%
EBIT	59	37
EBIT margin	9,0%	6,5%
Net income	34,1	(26,3)
Earnings per share in pence (diluted)	17,5	(13,6)
Net debt	102	150
Gearing (Net debt/equity)	30%	54%
Capex (including finance leases)	12,4	16,1
Free cash flow*	84,8	54,1

* FCF = EBITDA – capex – change in WC – tax

Source: Fenner PLC

Overview of Fenner's Offering Across Regions









ECS



Country	United States	Australia	United Kingdom	China	South Africa	India	Netherlands
# of Plants	5	4	1	2	1	1	1
Location	Lavonia, Bracebridge, Port Clinton, Toledo, Blairesville	Kiwinana, West Footscray, Revesby, Somersby	Hull	Shanghai	Isando	Madurai	Drachten
Markets	Aggregates, agriculture, coal, metal mining	Mining, industrial, processing	Mining	Mining	Mining	Mining	Agriculture, cement, steel, mining, wood
Services	Diagnostics, life cycle management, facilities management	Engineering & design, equipment hiring, field services	Site surveys, belt fitting, belt coiling, splice training	Site surveys, site vulcanising	Site surveys, site vulcanising, splicing	Site surveys	Site visits, belt calculation, technical training

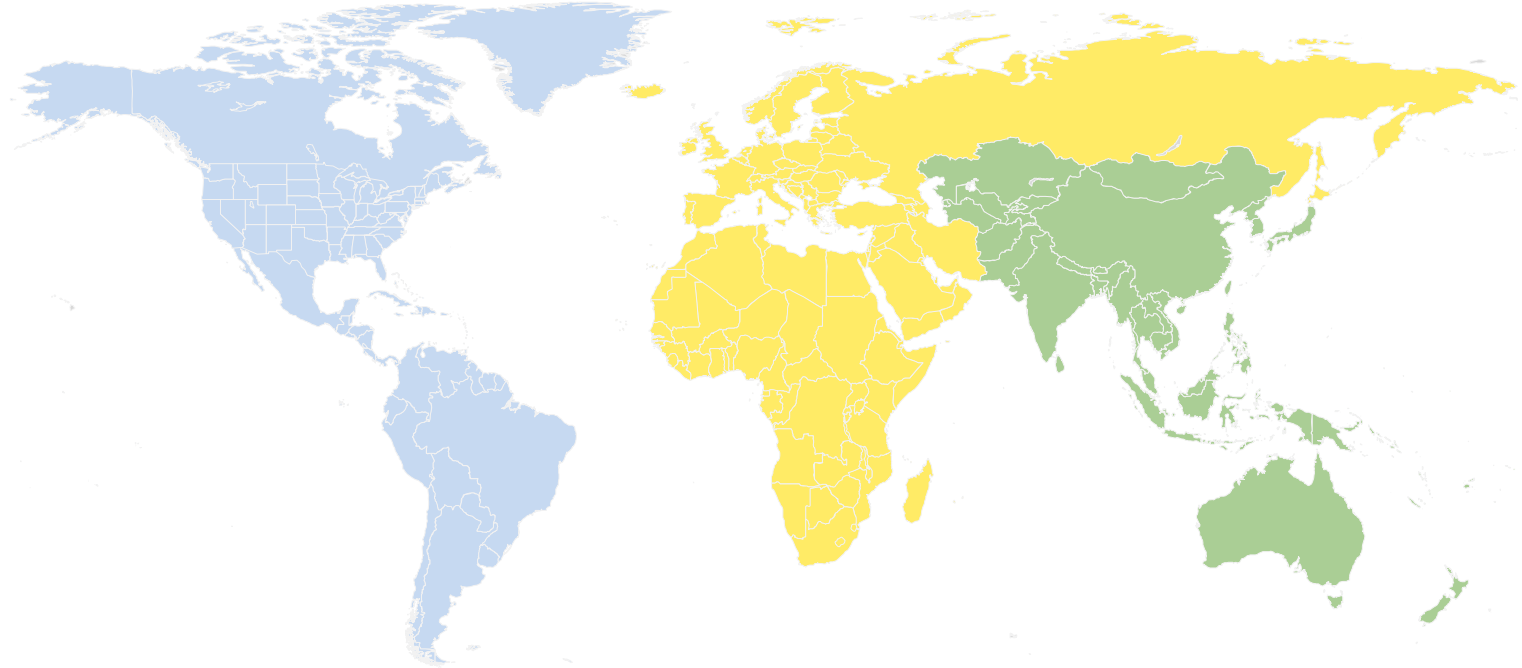
Source: Fenner PLC

Overview of Fenner's Offering Across Regions (cont'd)

AEP								
	Advanced Sealing Technologies				Precision Polymers		Solesis Medical	
Sub-Division								
# of Plants	Americas (1), Asia (1)	Americas (1), Asia (1), Europe (2)	USA (1)	USA (1)	Americas (6), Asia (1), Europe (2)	Norway (1)	Americas (3)	Americas (1)
Location	Houston, Singapore	Wixom Hamburg, Hampton, Shanghai	Houston	Daytona	Manheim, Lancaster, Wilmington, Dewsbury, Lincoln, Shanghai	Mandal	Quakertown, Telford, Perkasie	Winston-Salem
Markets	Upstream Oil & Gas	Construction & Mining	Midstream/ Downstream Oil & Gas	Energy, Industrial, Medical Equip.	Imaging, Industrial, Infra., Motion Control	Agriculture, Mining	Medical	Medical
Product Group	Custom Seals	Seals	Wear Products, Seals, Connectors	Precision Machined Products	Elastomers	Hoses	Biomedical technology	Medical technologies

Source: Fenner PLC

Overview of Fenner Revenue by Region



Based on FY17A Revenue

Americas: £308m

EMEA: £138m

Asia Pacific: £210m

Source: Fenner PLC