

# INVESTOR DAY

OCTOBER 2, 2013  
Lexington, South Carolina

## MICHELIN IN MINING

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# MICHELIN IN MINING OUTLINE

- 1 FROM SR3 TO MINING
- 2 EARTHMOVER MARKETS
- 3 SUSTAINABLE MICHELIN MINING OFFER
- 4 KEY TAKEAWAYS

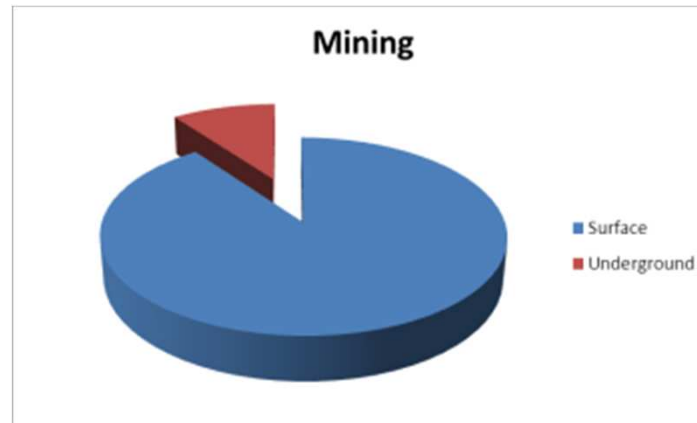
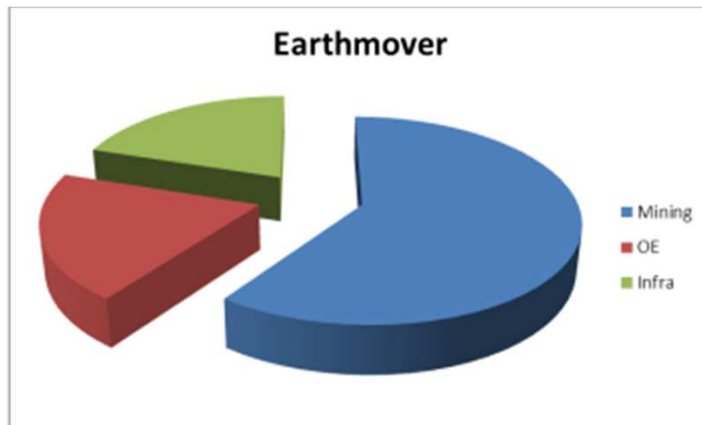
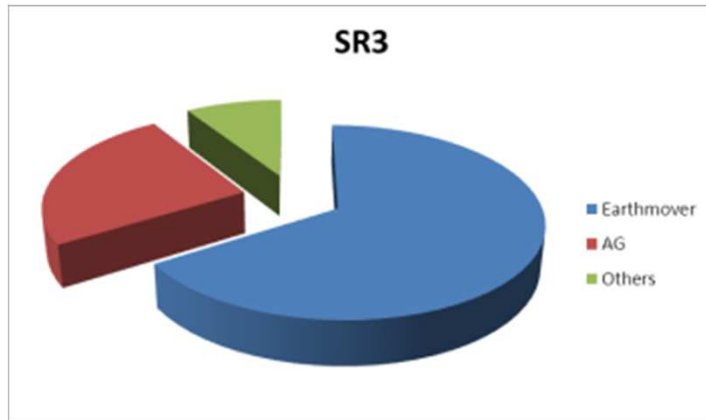


# FROM SR3 TO MINING



# FROM SR3 TO MINING

Based on net sales

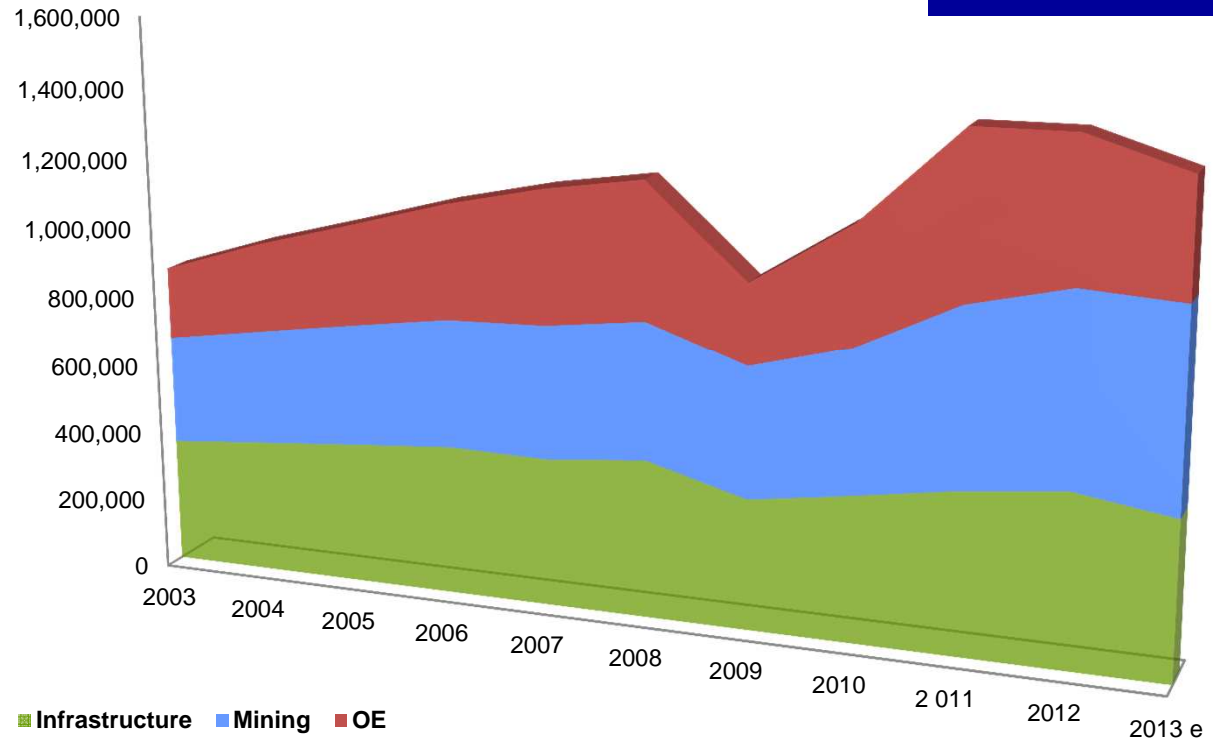


# EARTHMOVER MARKETS



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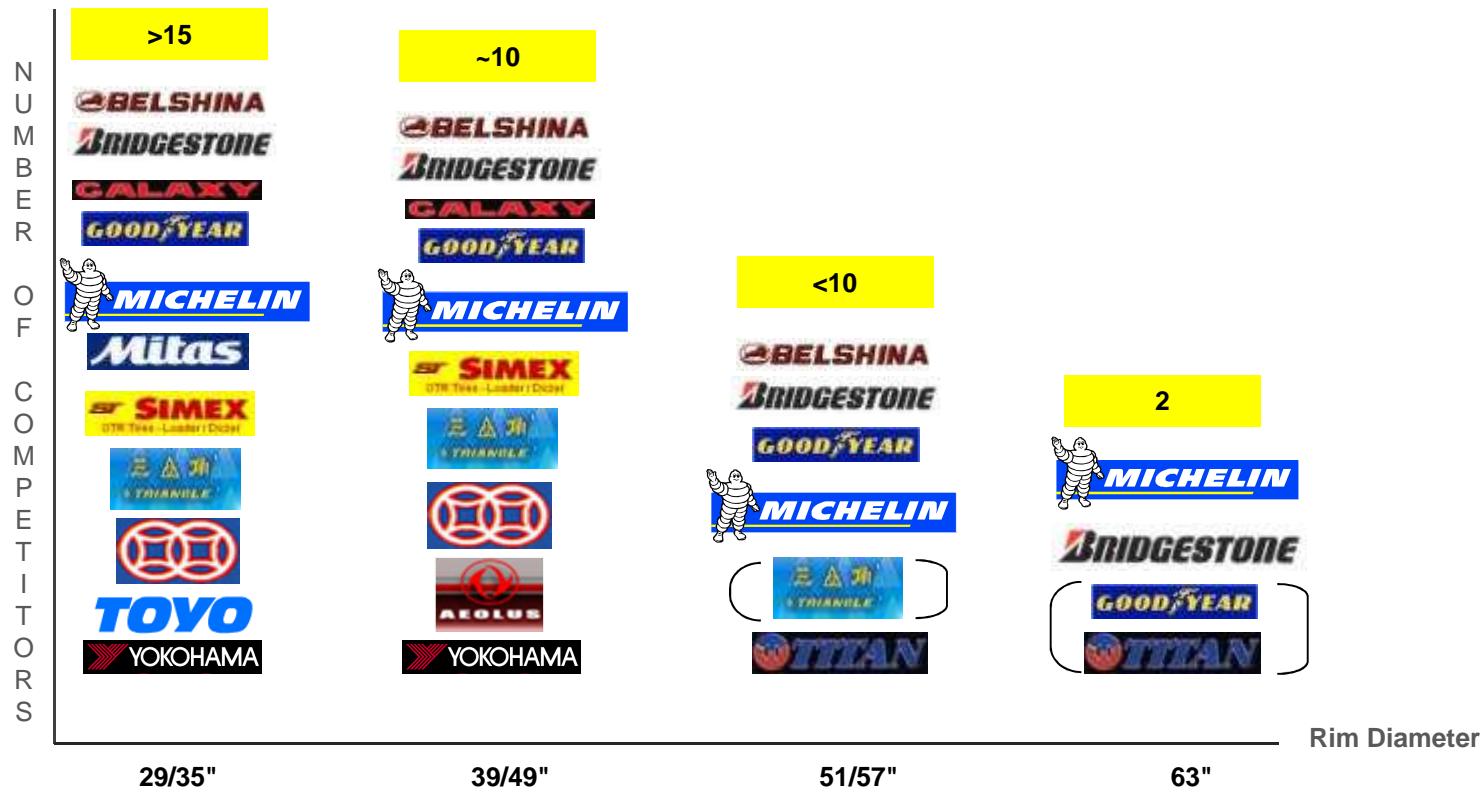
Total markets  
in tons



■ Infrastructure ■ Mining ■ OE



# COMPETITOR EARTHMOVER TIRE MANUFACTURERS



# MINING CUSTOMERS' EXPECTATIONS

## Tires are a critical component of uptime

1 hour margin/truck > price of 1 giant tire

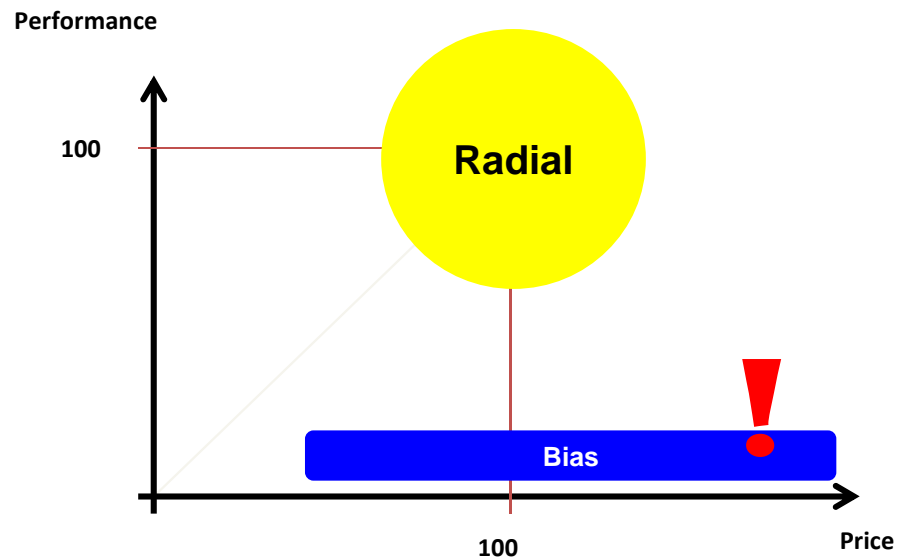
## Operational costs reduction

## Services

from tire fleet management, retreading, repairing, to tire pressure monitoring



# SURFACE MINING OFFER IS MAINLY RADIAL



Giant tires offer is 90% Radial / 10% Bias

Radial players are:

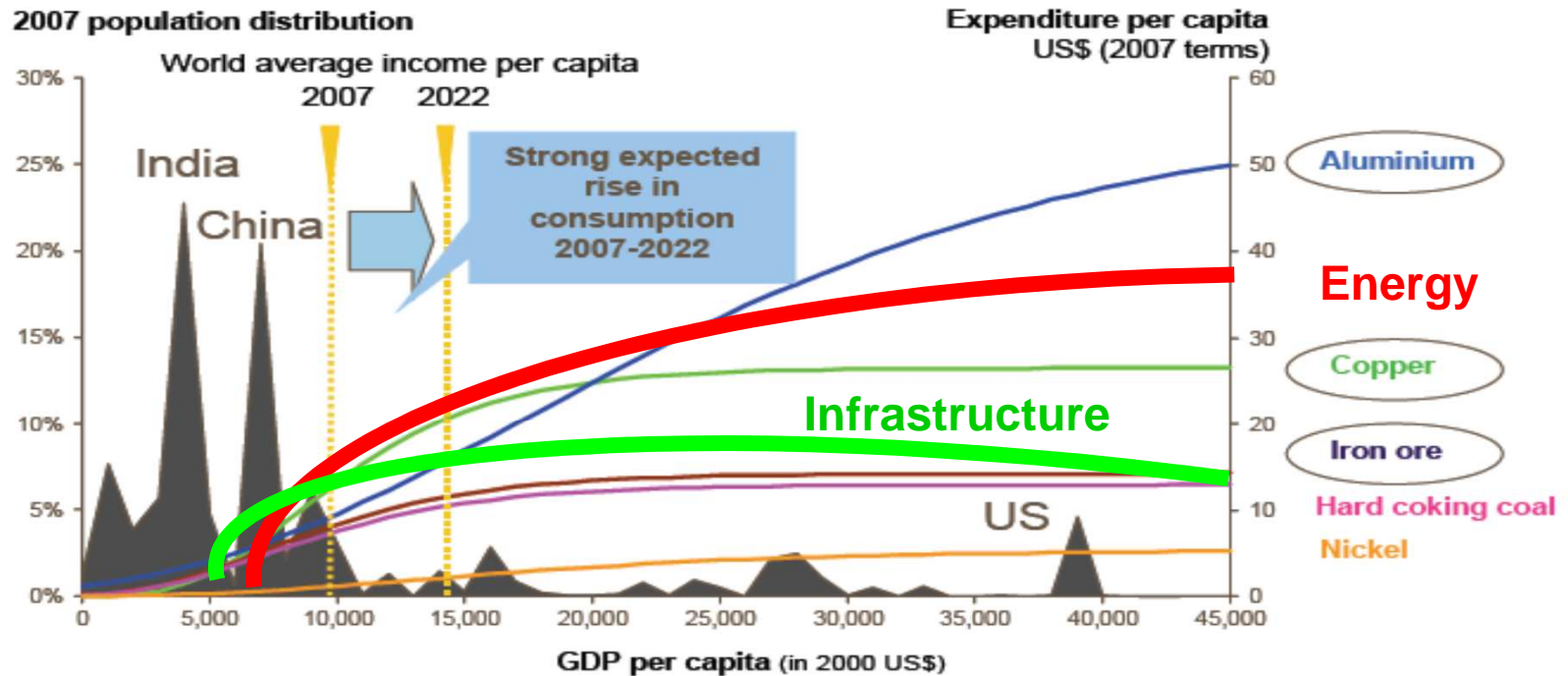
- Michelin (100%)
- Bridgestone (100%)
- + a few attempts by Titan, Goodyear, Chinese manufacturers

**Bias players are the most sensitive** in downturn cycles, because of poor performance



# Strong demand arising from economic and demographic development will generate ongoing commodity demand growth

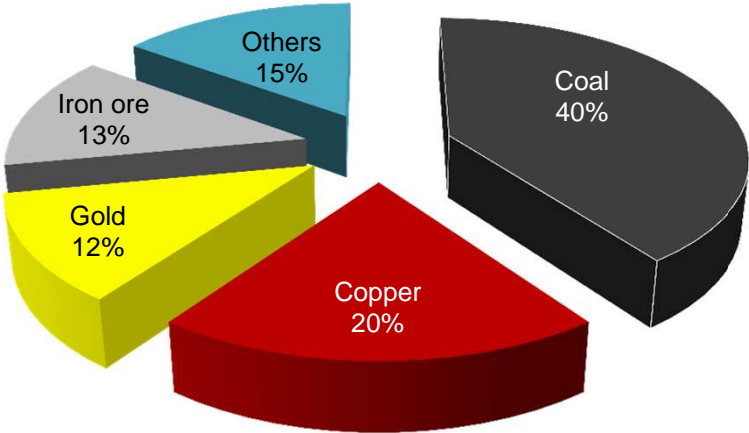
## Consumption of metals increases in line with increasing income



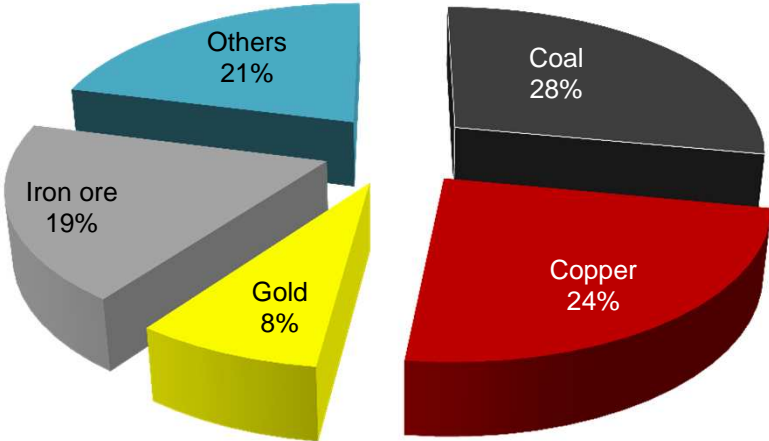
Source: Global Insight for population distribution; Rio Tinto estimates for commodity expenditure profiles.  
 Note: Expenditure profiles are based on Rio Tinto estimates of global income and consumption relationships and average real terms prices between 1990-2006. Iron ore and hard coking coal expenditure calculated based on crude steel demand projections, assuming all met by blast furnace production at historic average export prices.

# TIRE MARKET AND MICHELIN SALES BY COMMODITY

Tire Market

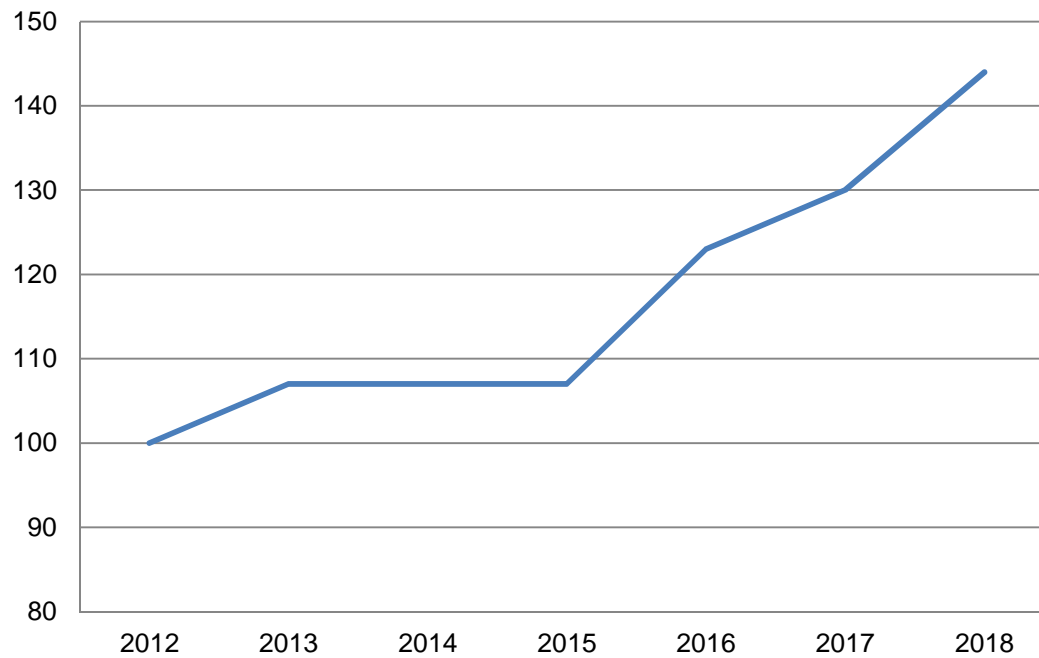


Michelin Sales



# GIANT TIRES MARKET

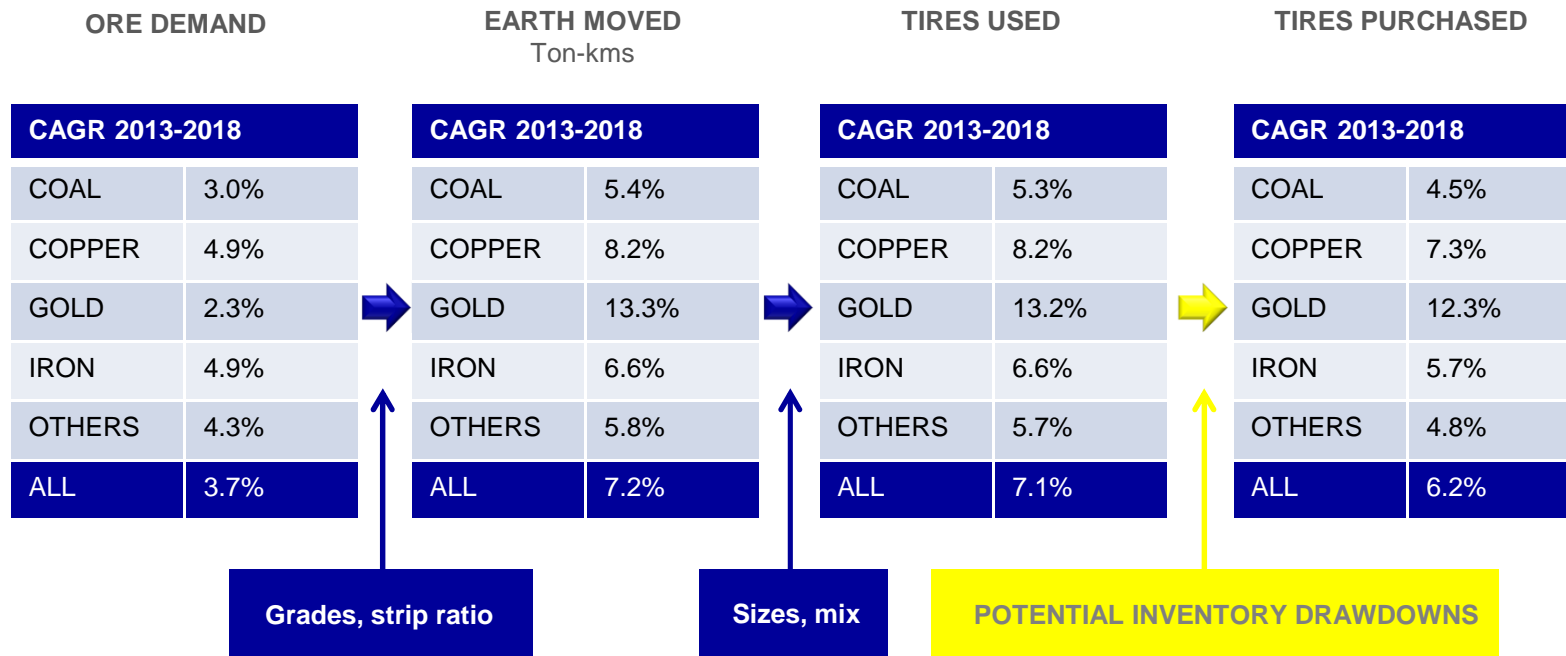
Giant tires market index



Inventory in the mines is already being drawn down, impacting short-term growth



# MINING MARKET MODEL STILL DISPLAYING ROBUST LONG-TERM (5Y) GROWTH DESPITE DESTOCKING

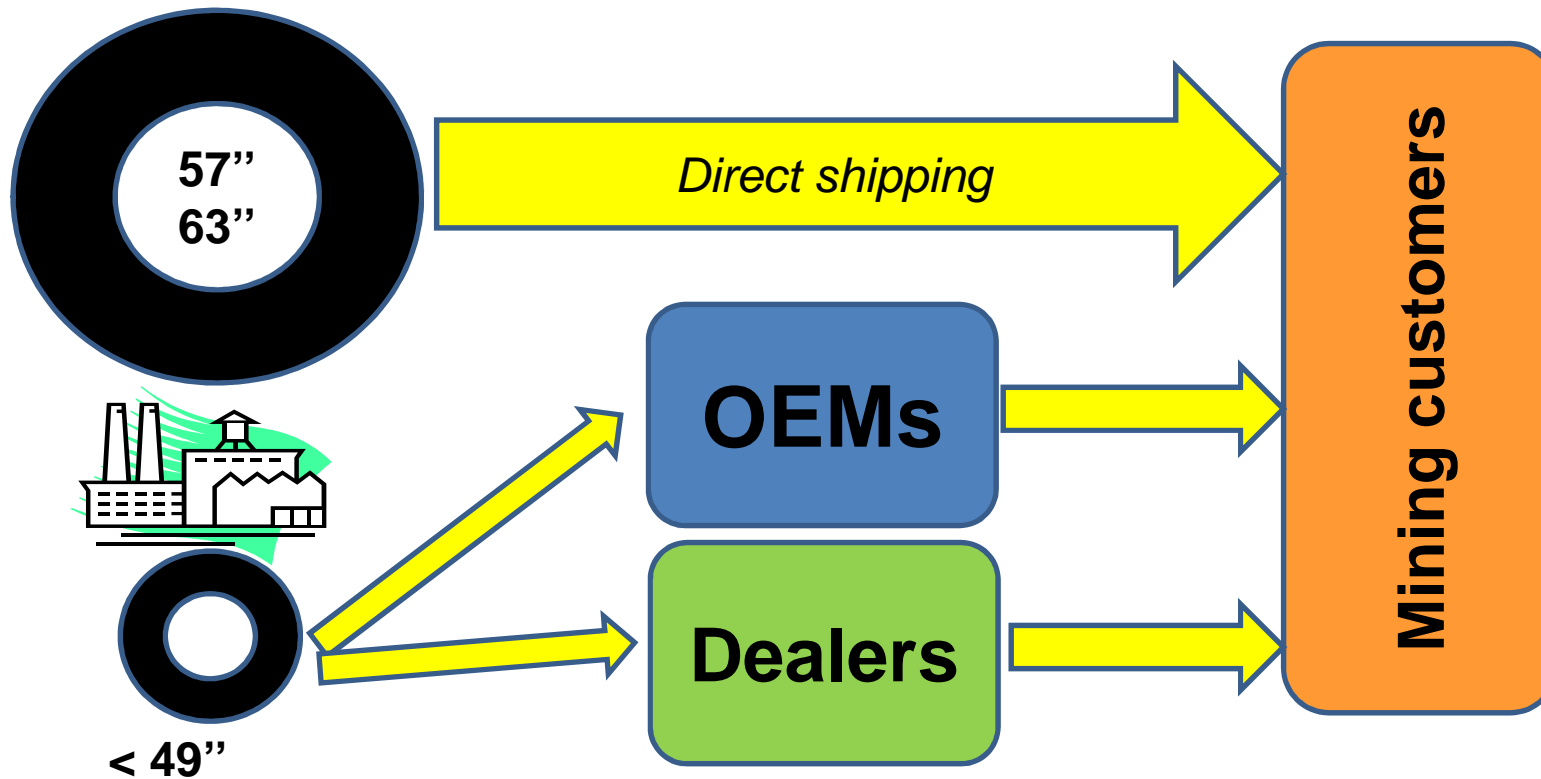


# SUSTAINABLE MICHELIN MINING OFFER



Giant tires go directly to mines,  
as part of a global  
account management process

## BARRIER TO ENTRY #1: GLOBAL ACCOUNT MANAGEMENT



## **BARRIER TO ENTRY #2: LONG-TERM AGREEMENTS**

**90% of our mining sales are covered by long-term agreements (5y)**

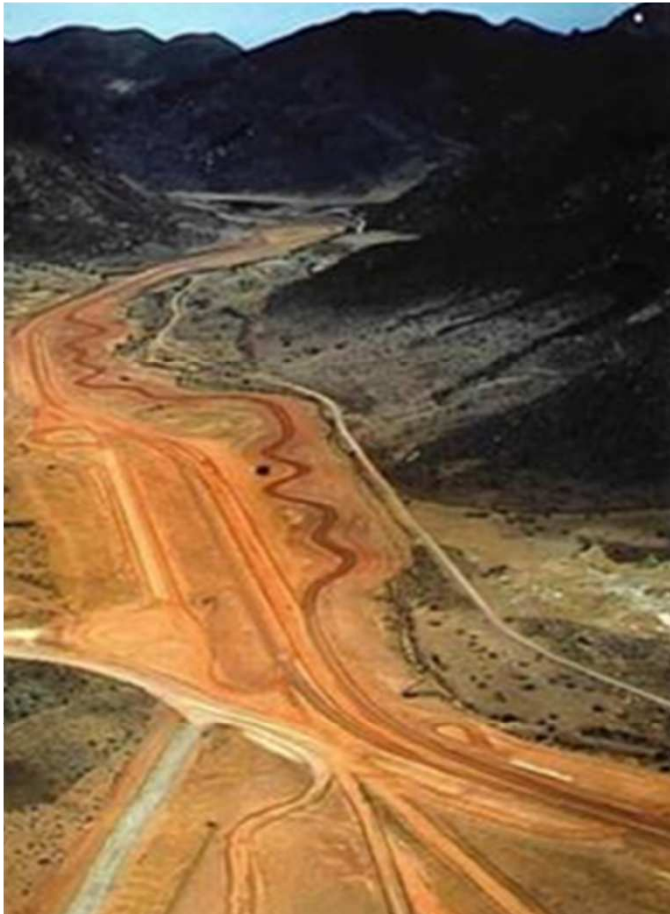
Global account management | Guaranteed price over time with RMI clause

**1/3 of our long-term mining sales include a  
10-year supply guarantee**

**Spot selling has never been our policy**







## **BARRIER TO ENTRY #3: DEVELOPING GIANT TIRES IS EXPENSIVE AND TIME CONSUMING**

Testing facility in Almeria, Spain

Real-condition testing at customer mines

Upstream integration

**Technologies**  
(cables, mixes, architecture)



## **BARRIER TO ENTRY #4: GIANT TIRE MANUFACTURING IS EXTREMELY CAPITAL INTENSIVE**

2x more expensive than PC/TB investments

No turnkey plant available

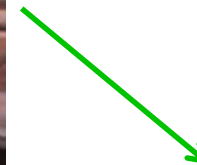
Proprietary processes



# OUR GIANT TIRES...

are the lightest  
on the market

are produced in  
plants that are  
certified to high  
HSE standards



have the  
longest lifespans

are  
recyclable!

From scrap  
to rubber and steel  
recovery and reuse



## KEY TAKEAWAYS

Mining is a key contributor to Group's global business portfolio

Mining markets are set up for long-term growth

Michelin mining business is resilient

SR3 contribution will remain high

