

# GENEVA MOTOR SHOW CONFERENCE

Exane BNP Paribas & Barclays

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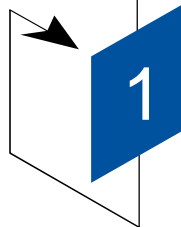
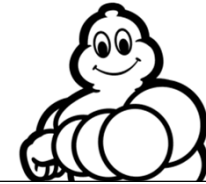
March 04, 2014





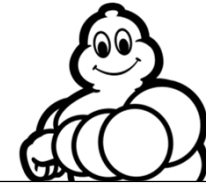
- 1 2013: GOOD RESULTS ACHIEVED IN AN UNEVEN ENVIRONMENT
- 2 TIRE MARKETS GENERALLY IMPROVING
- 3 CONTINUING PRODUCT INNOVATION
- 4 FURTHER PROGRESS ON THE COMPETITIVENESS PLAN
- 5 2014 OUTLOOK

March 04, 2014



## 2013: GOOD RESULTS ACHIEVED IN AN UNEVEN ENVIRONMENT

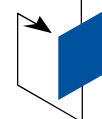
# Very strong Free Cash Flow, at €1,154 million



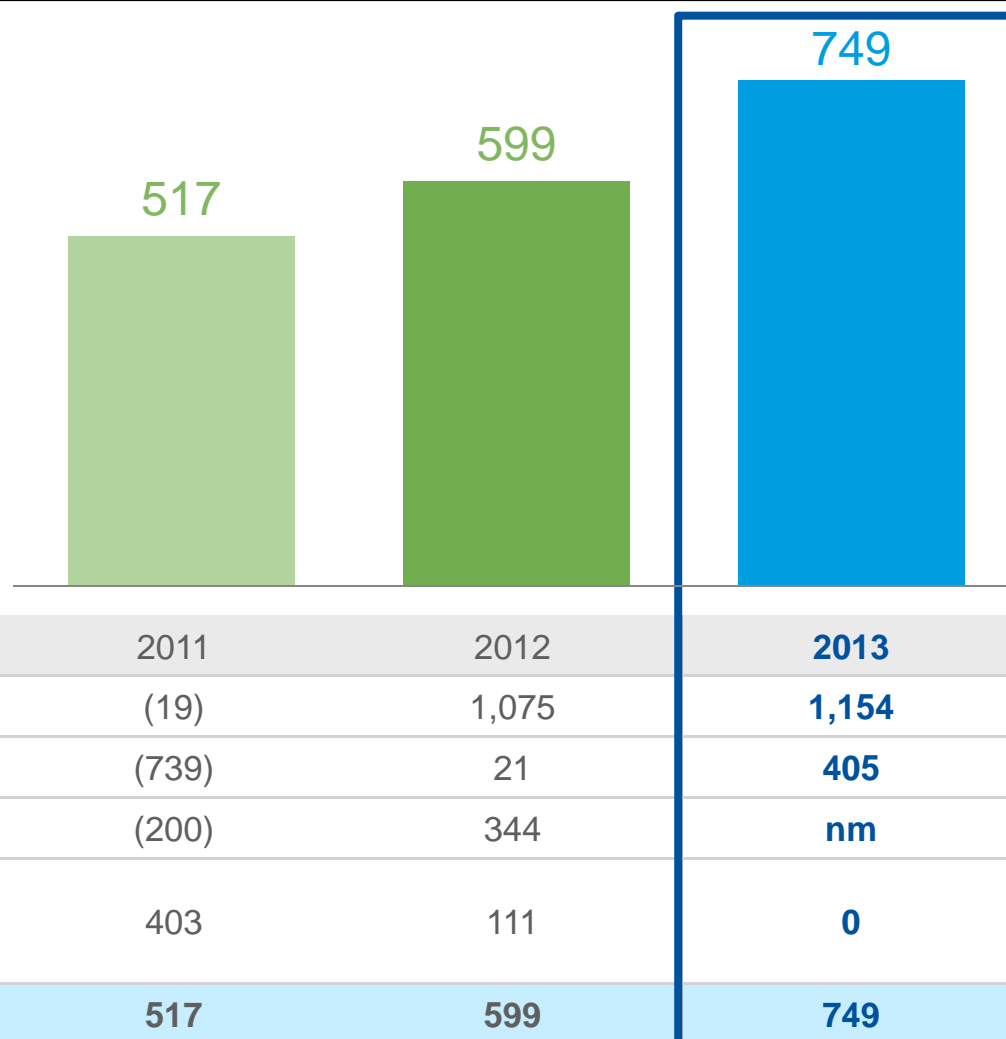
- ▶ **Very strong free cash flow, at €1,154 million**, resulting from:
  - The Group's ability to structurally generate cash
  - The value creation target assigned to every unit
- ▶ **Fourth straight year of value creation**, with a ROCE of 11.9%
- ▶ **Volumes** stable, as expected
- ▶ **Operating income** before non-recurring items **structurally high** at €2,234 million, up €41 million at constant scope of consolidation and exchange rates
  - A well managed margin through a positive price / raw materials effect (€69m)
  - An effective Competitiveness Plan
  - A better balance among the contributions from each business, especially in the case of Truck tires
- ▶ **Net debt lowered to €142m**



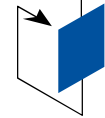
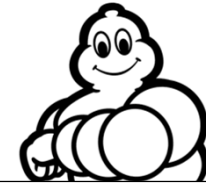
# A business that structurally generates Free Cash Flow



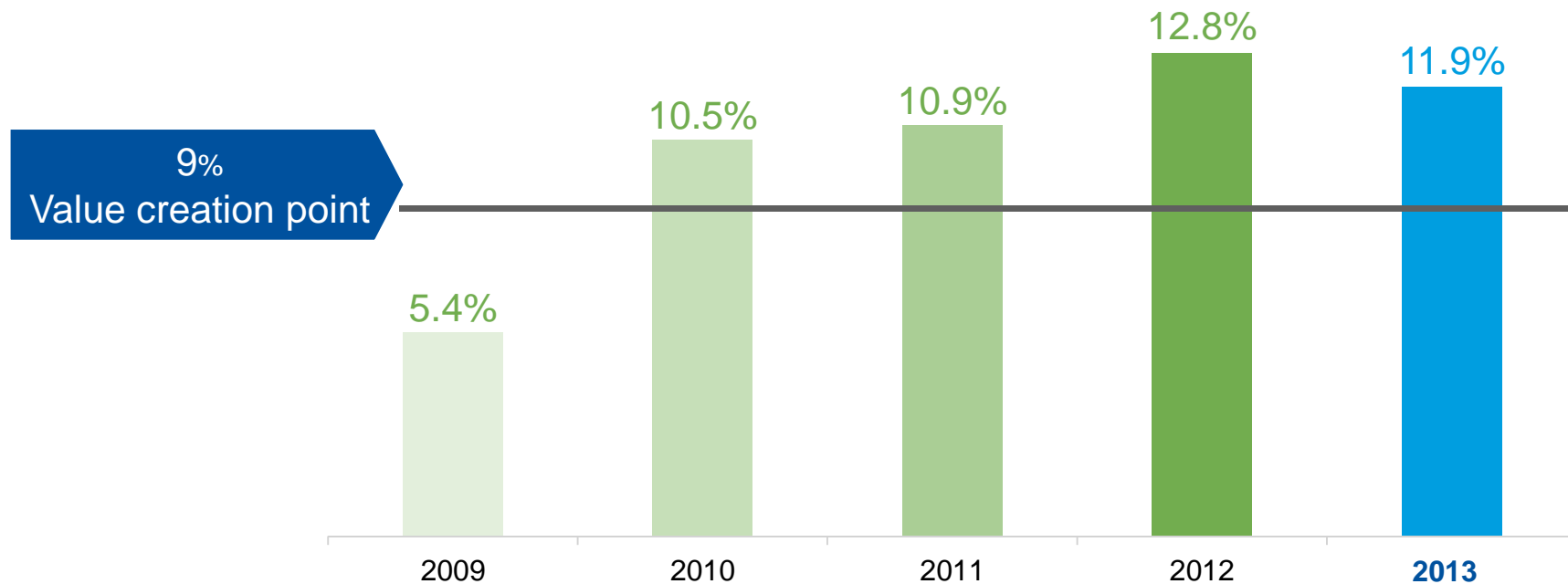
## Structural free cash flow



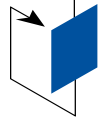
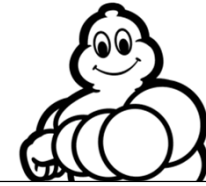
# Significant value created while investing in the growth regions



## Return on capital employed (ROCE) (after tax)

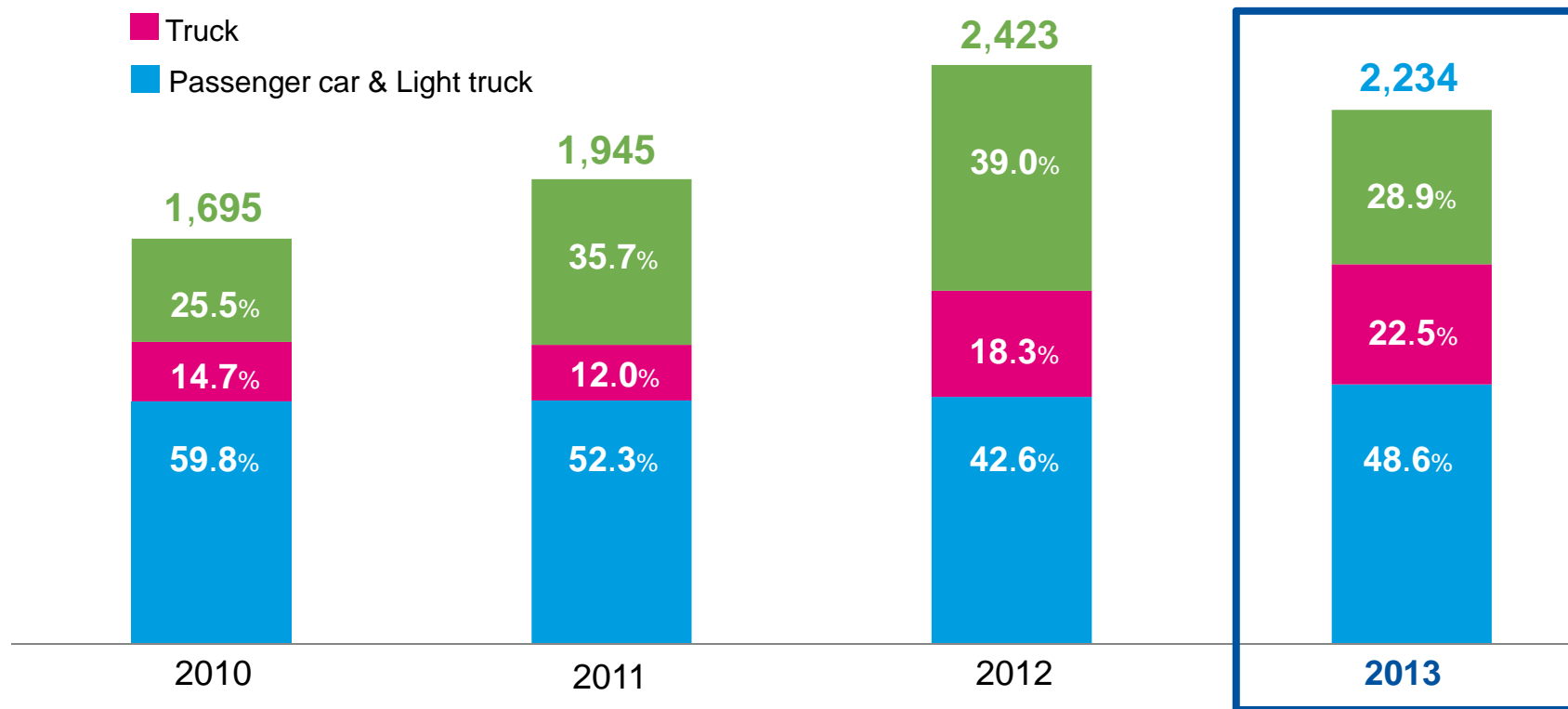


# A better balance among the contributions from each business



## Operating income by reporting segment

- Specialty businesses
- Truck
- Passenger car & Light truck



# Financial Highlights



## 2013 and 2012 figures as reported

<i>In € millions</i>	2013	2012
<b>Net sales</b>	<b>20,247</b>	21,474
<b>Operating income</b> <i>(before non-recurring items)</i>	<b>2,234</b>	2,423
<b>Operating margin</b> <i>(before non-recurring items)</i>	<b>11.0%</b>	11.3%
<b>Net income</b>	<b>1,127</b>	1,571
<b>Capital expenditure</b>	<b>1,980</b>	1,996
<b>Net debt</b>	<b>142</b>	1,053
<b>Gearing</b>	<b>2%</b>	12%
<b>Employee benefit obligations</b>	<b>3,895</b>	4,679
<b>Free cash flow*</b>	<b>1,154</b>	1,075
<b>ROCE</b>	<b>11.9%</b>	12.8%
<b>Dividend per share</b>	<b>€250**</b>	€2.40

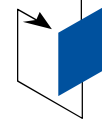
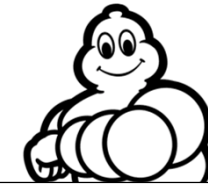
\*Cash flows from operating activities less cash flows used in investing activities

\*\* Submitted to shareholder approval at the May 16, 2014 Annual Meeting

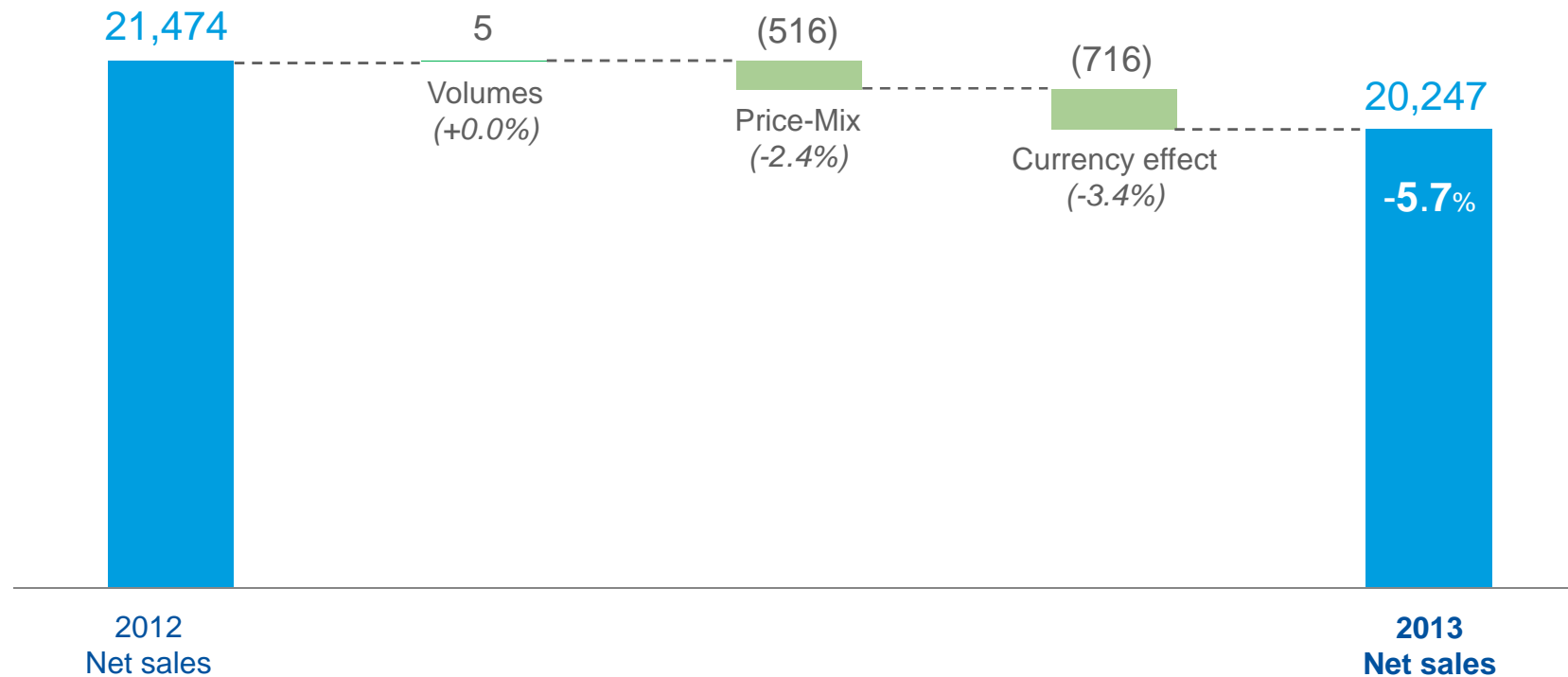




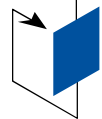
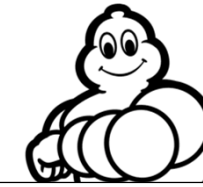
# Net sales: volumes stable, as expected



## YoY change (In € millions)



# Improved volumes, flat prices and a major currency effect in the second half

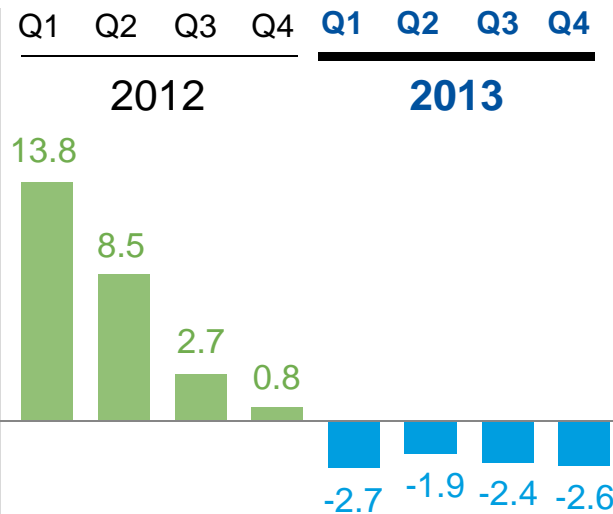


**YoY change**  
(In %)

## ► Volumes



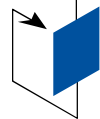
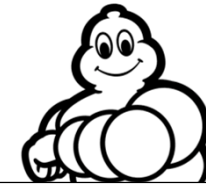
## ► Price-Mix



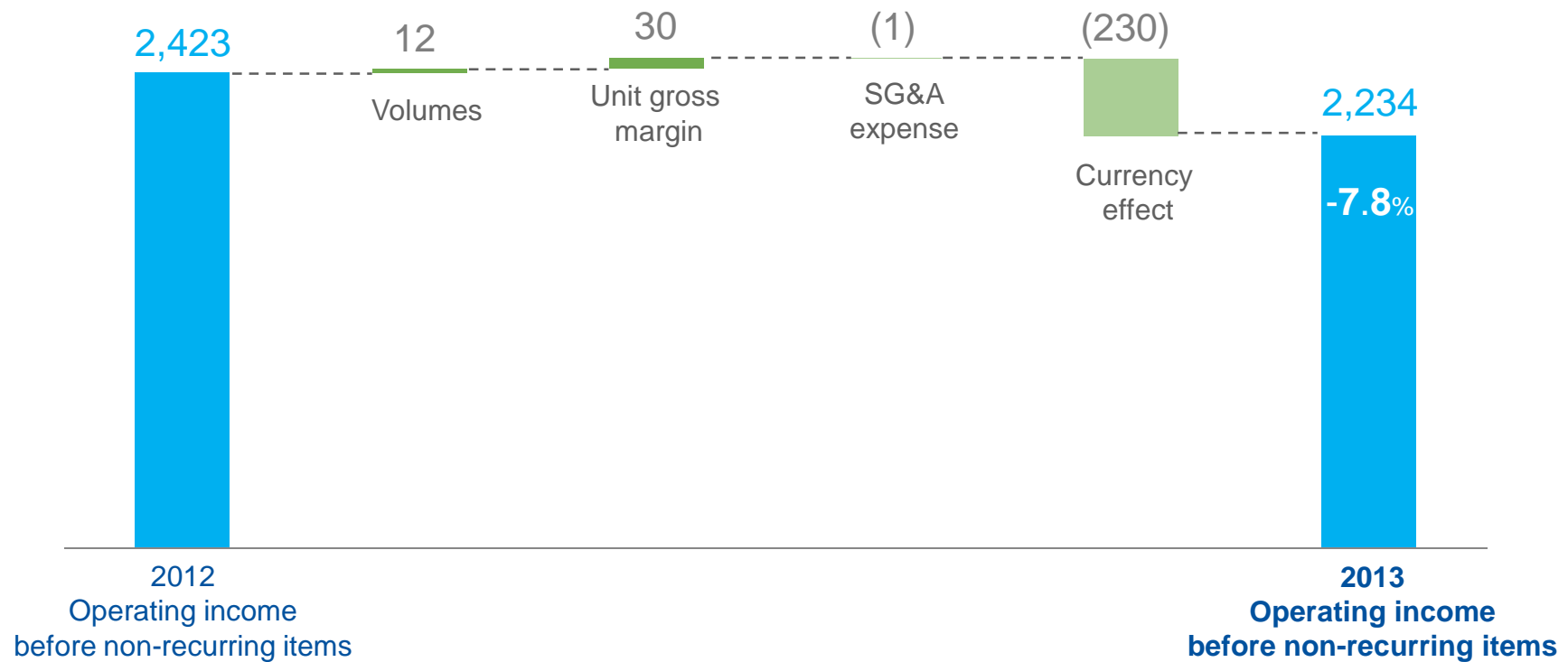
## ► Currency effect



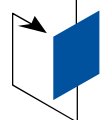
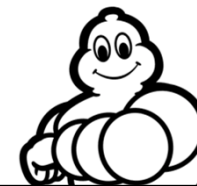
# Operating income: disciplined management of unit gross margin and SG&A expense



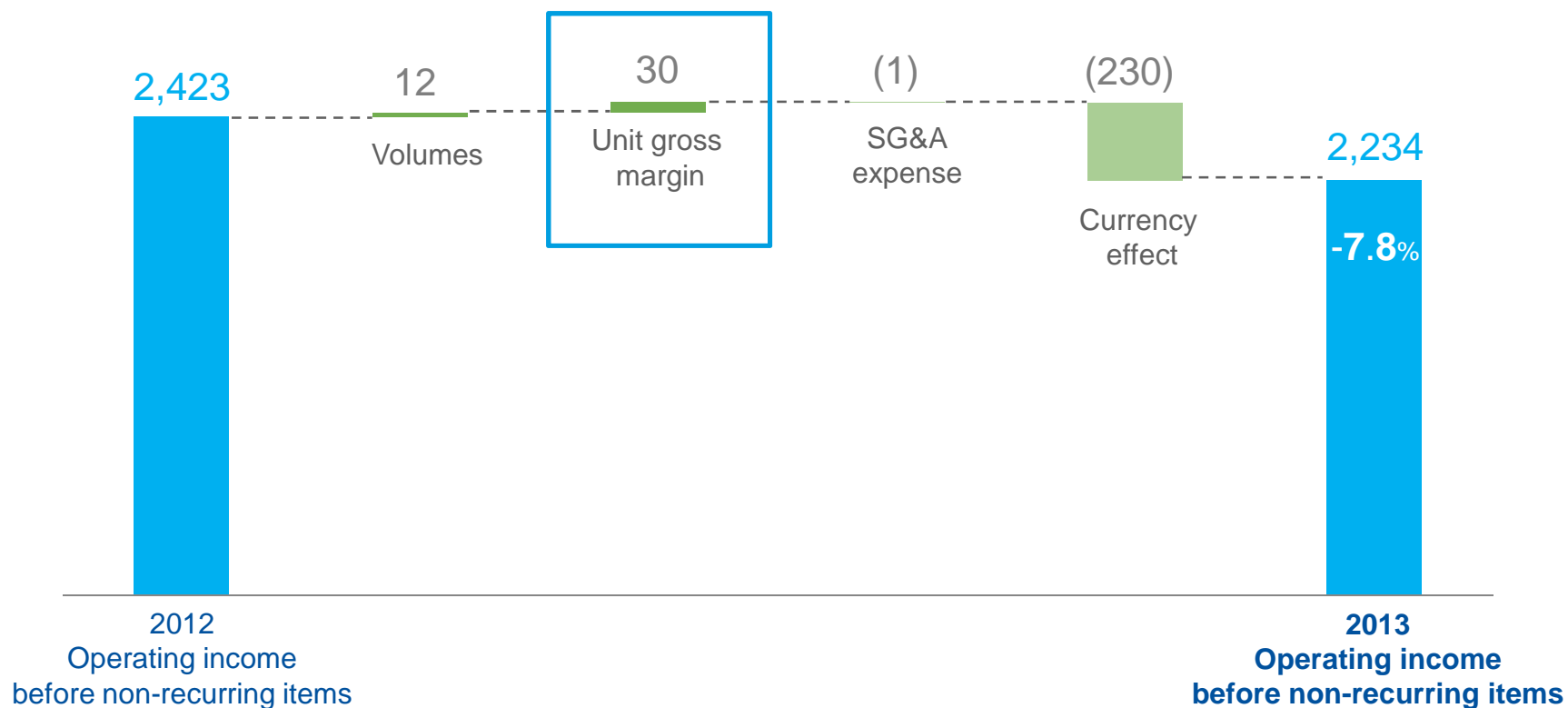
**YoY change**  
(In € millions)



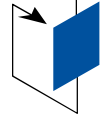
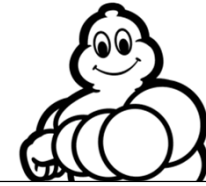
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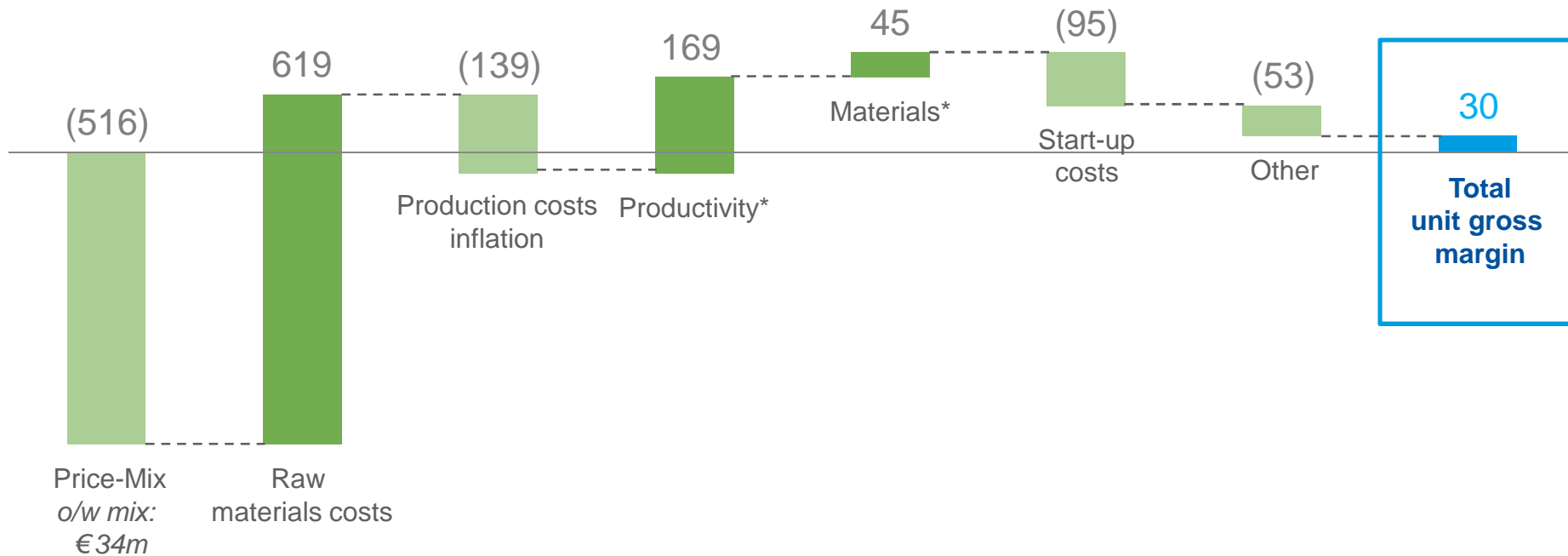
**YoY change**  
(In € millions)



# Unit gross margin: positive price/raw materials effect



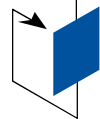
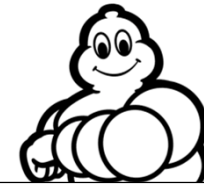
## YoY change in unit gross margin components (In € millions)



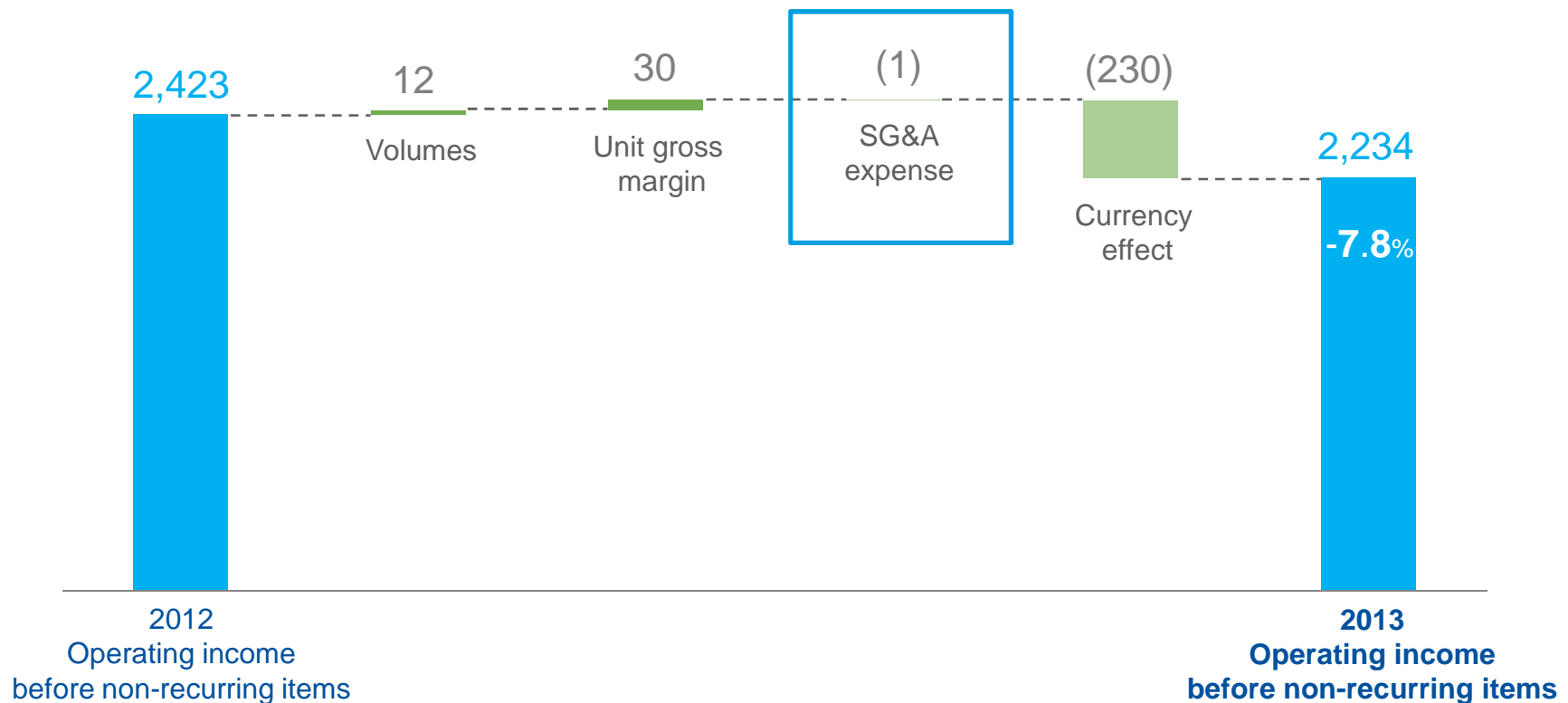
\* Part of the Competitiveness Plan



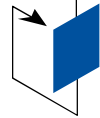
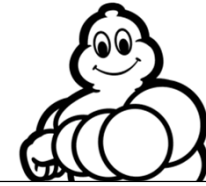
# Operating income: disciplined management of unit gross margin and SG&A expense



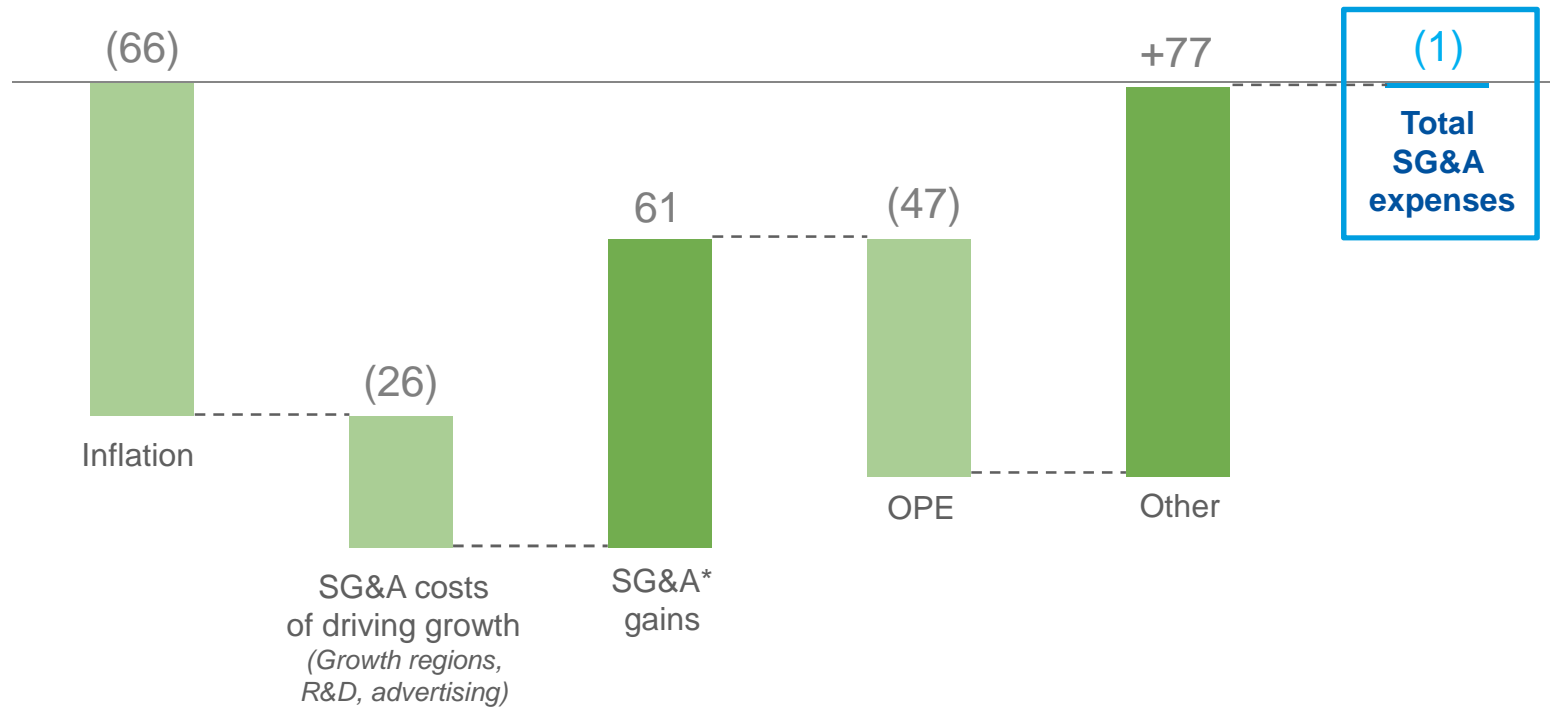
**YoY change**  
(In € millions)



# Disciplined SG&A management



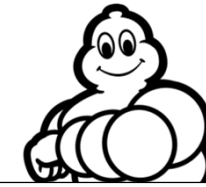
## YoY change in SG&A expense (In € millions)



\* Part of the Competitiveness Plan

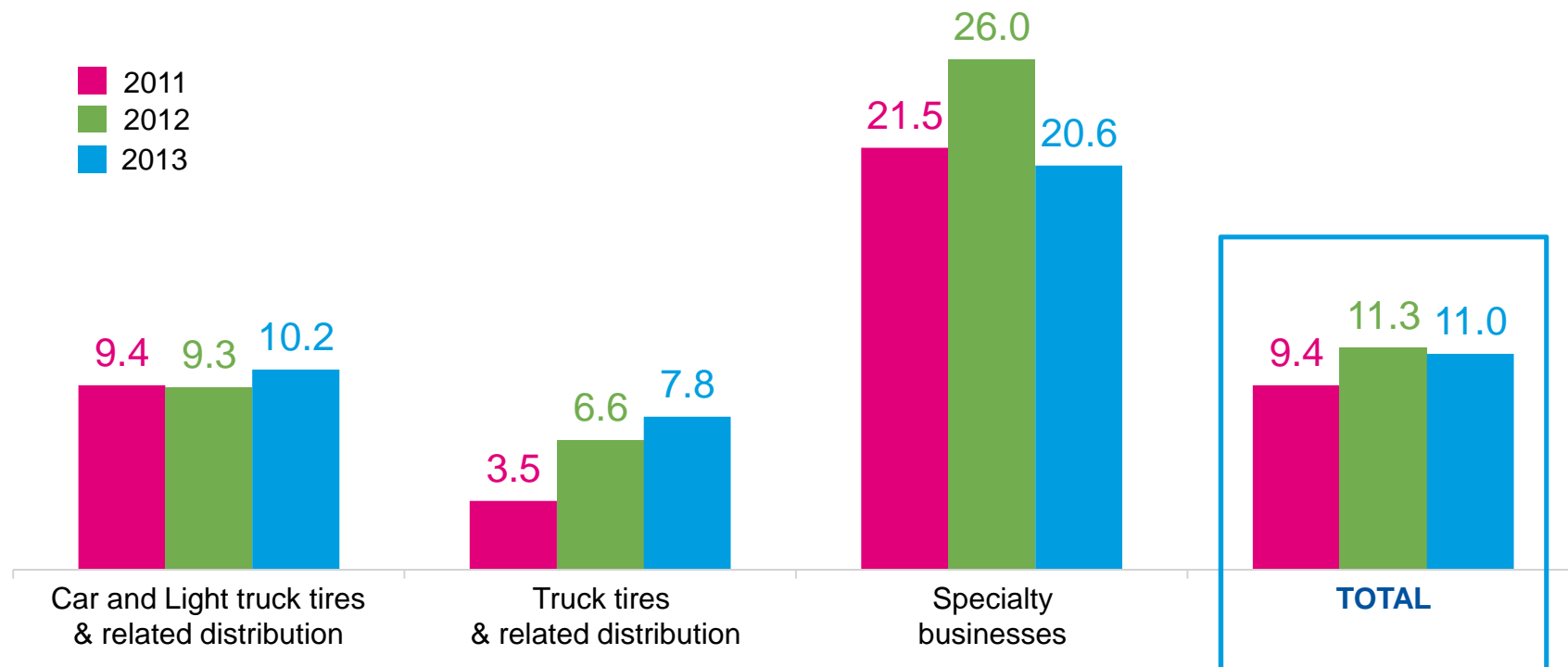


# Solid margins, improving in Passenger car/ Light truck and Truck tires



## Operating margin before non-recurring items *(as a % of net sales)*

- 2011
- 2012
- 2013





# Car and Light truck tires and related distribution:

growth in the MICHELIN brand and disciplined unit margin management



## Car and Light truck tires

(In € millions)



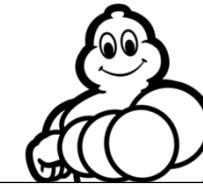
	2013	2012	% change
<b>Net sales</b> <i>Volume growth</i>	<b>10,693</b> +1%	11,098	-3.6%
<b>Operating income</b> <i>(before non-recurring items)</i>	<b>1,086</b>	1,033	+5.1%
<b>Operating margin</b> <i>(before non-recurring items)</i>	<b>10.2%</b>	9.3%	+0.9 pt

- ▶ Solid growth in the MICHELIN brand, especially in Europe, the Americas and China
  - Successful sales of the MICHELIN Pilot Super Sport, MICHELIN Alpin 4 and MICHELIN Defender lines
- ▶ Volumes up 3% in the second half
- ▶ Sustained offensive in the ≥ 17' segment
- ▶ Disciplined unit margin management to maintain a positive price-mix/raw materials ratio
- ▶ 1,430,000 tires sold by the AWTC joint venture in China, mainly through the Tyre Plus network



# Truck tires and related distribution:

sustained margin improvement



## Truck tires (In € millions)

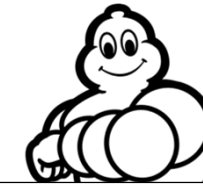


	2013	2012	% change
<b>Net sales</b> <i>Volume growth</i>	<b>6,425</b> +1%	6,736	-4.6%
<b>Operating income</b> <i>(before non-recurring items)</i>	<b>503</b>	444	+13.3%
<b>Operating margin</b> <i>(before non-recurring items)</i>	<b>7.8%</b>	6.6%	+1.2 pt

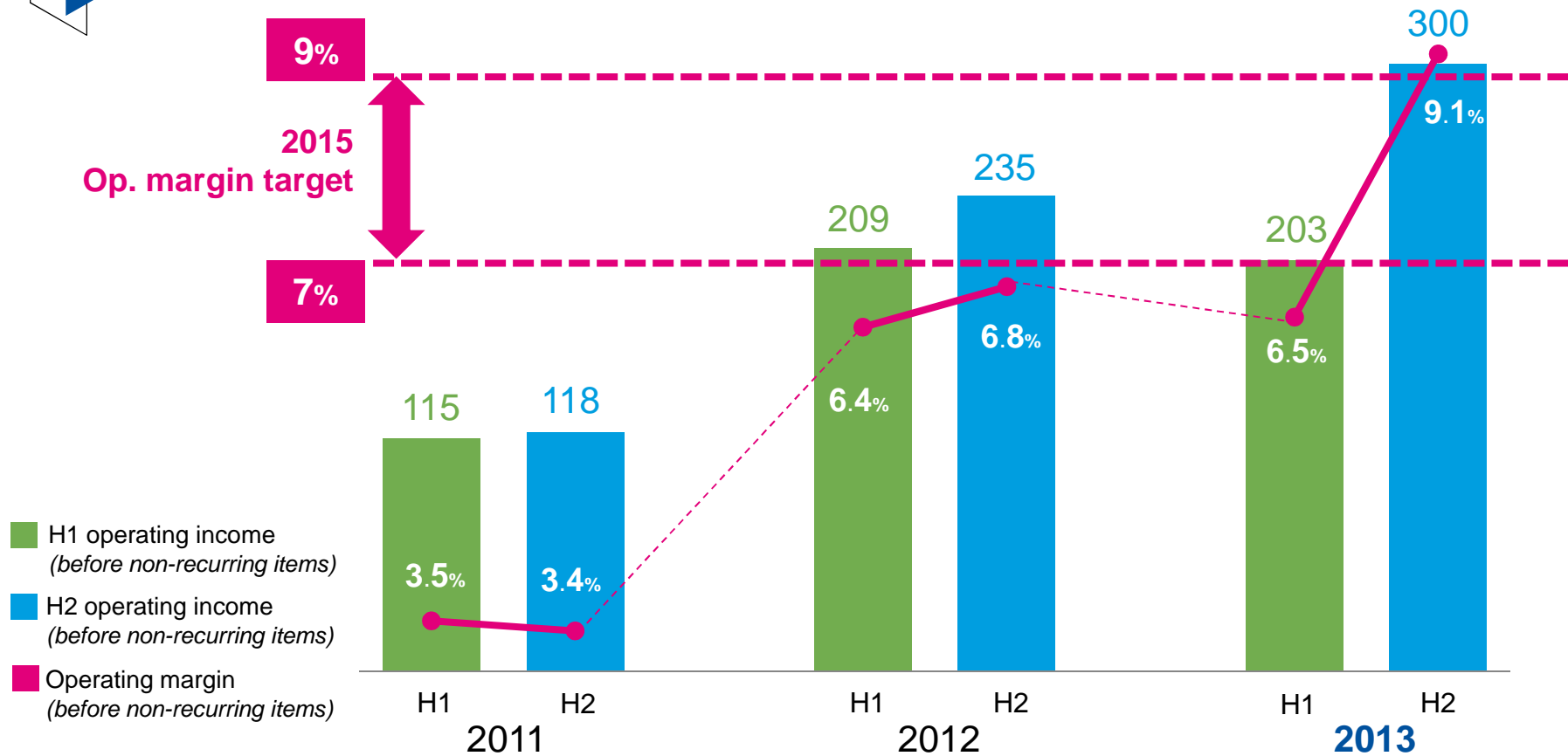
- ▶ Priority focus on margins
- ▶ Volumes up 5% in the fourth quarter
- ▶ Stepped up pace of market introductions and successful sales of the MICHELIN MultiWay range
- ▶ Implementation of the plan to optimize the production base



# Truck tires: priority focus on restoring margins



## Operating income



- H1 operating income (before non-recurring items)
- H2 operating income (before non-recurring items)
- Operating margin (before non-recurring items)



# Specialty businesses: structurally high margins maintained over the year

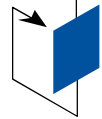
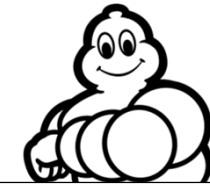


## Specialty businesses (In € millions)

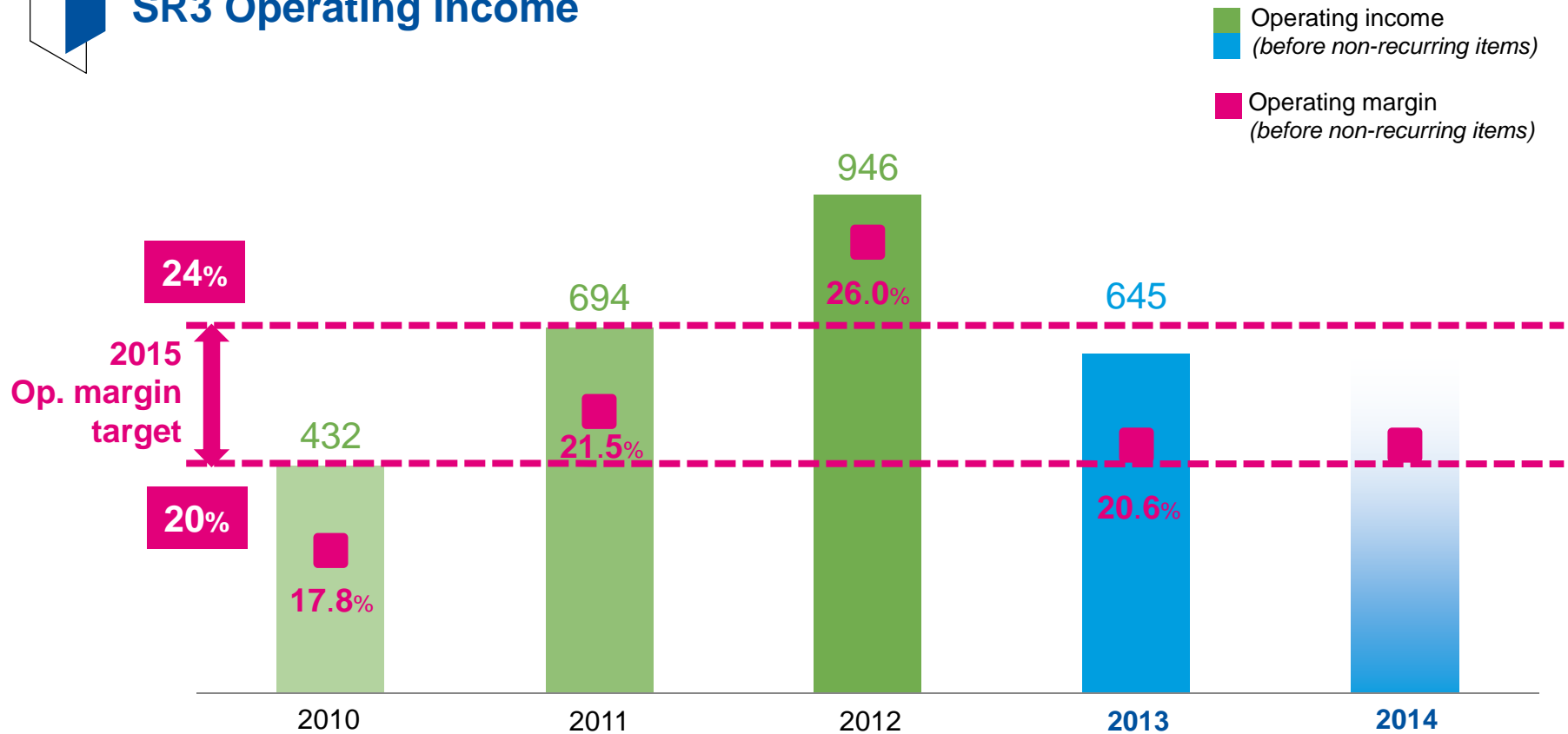
	2013	2012	% change
 <b>Net sales</b> <i>Volume growth</i>	<b>3,129</b> -7%	3,640	-14.0%
  <b>Operating income</b> <i>(before non-recurring items)</i>	<b>645</b>	946	-31.7%
 <b>Operating margin</b> <i>(before non-recurring items)</i>	<b>20.6%</b>	26.0%	-5.4 pts

- ▶ Q4: inventory drawdowns by mining customers and stable sales of OE Earthmover and Infrastructure tires
- ▶ Strong growth in OE Agricultural tire sales
- ▶ Impact of the stronger dollar against the euro

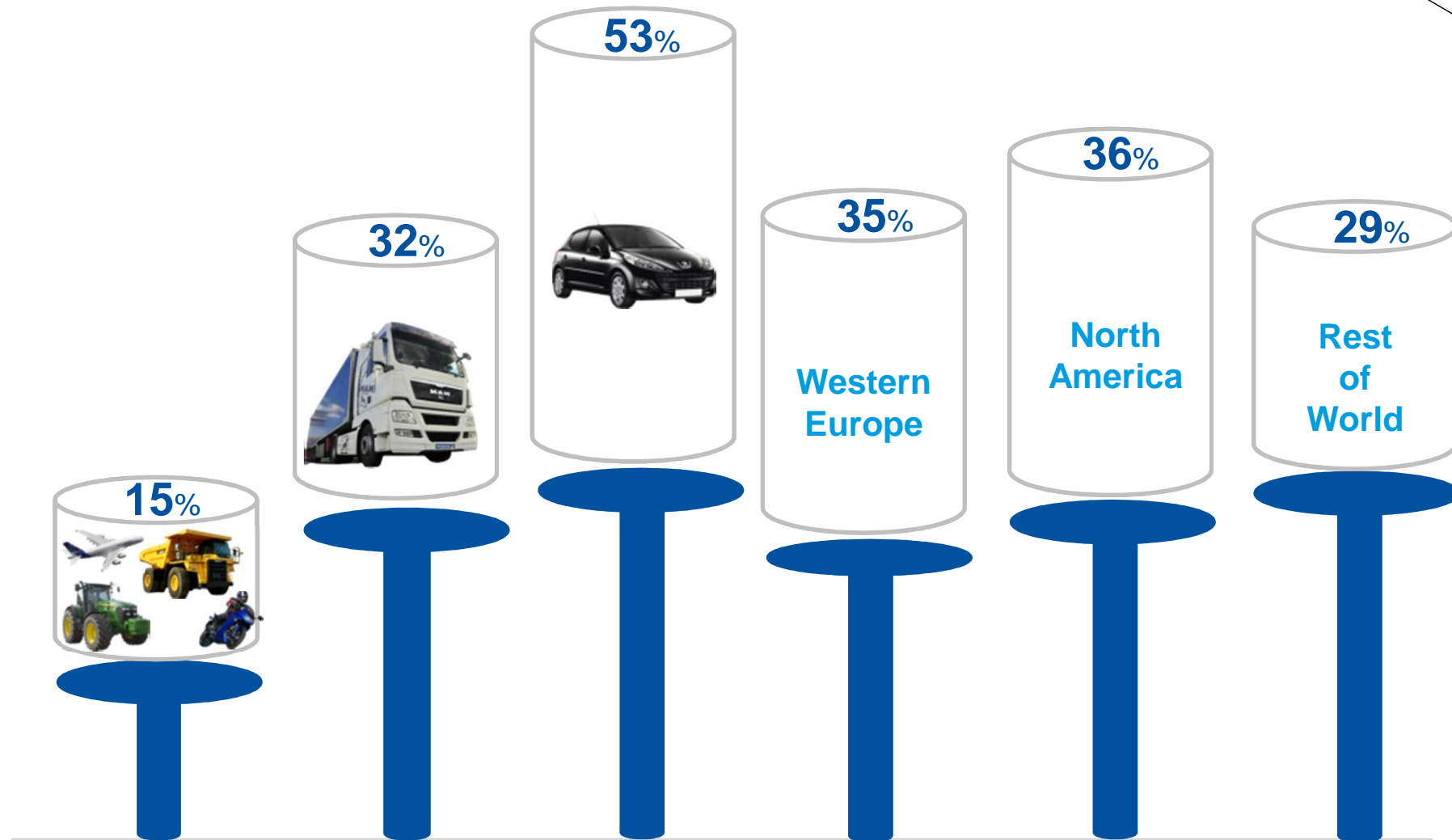
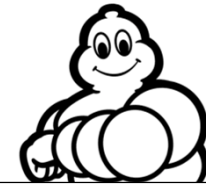
# The specialty businesses are structurally robust



## SR3 Operating income



# Natural hedging through a balanced geographic and product mix



Percentage contribution of each segment/region to total 2013 consolidated net sales



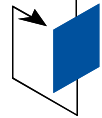
# Net income: restructuring costs, financial expense and tax rates



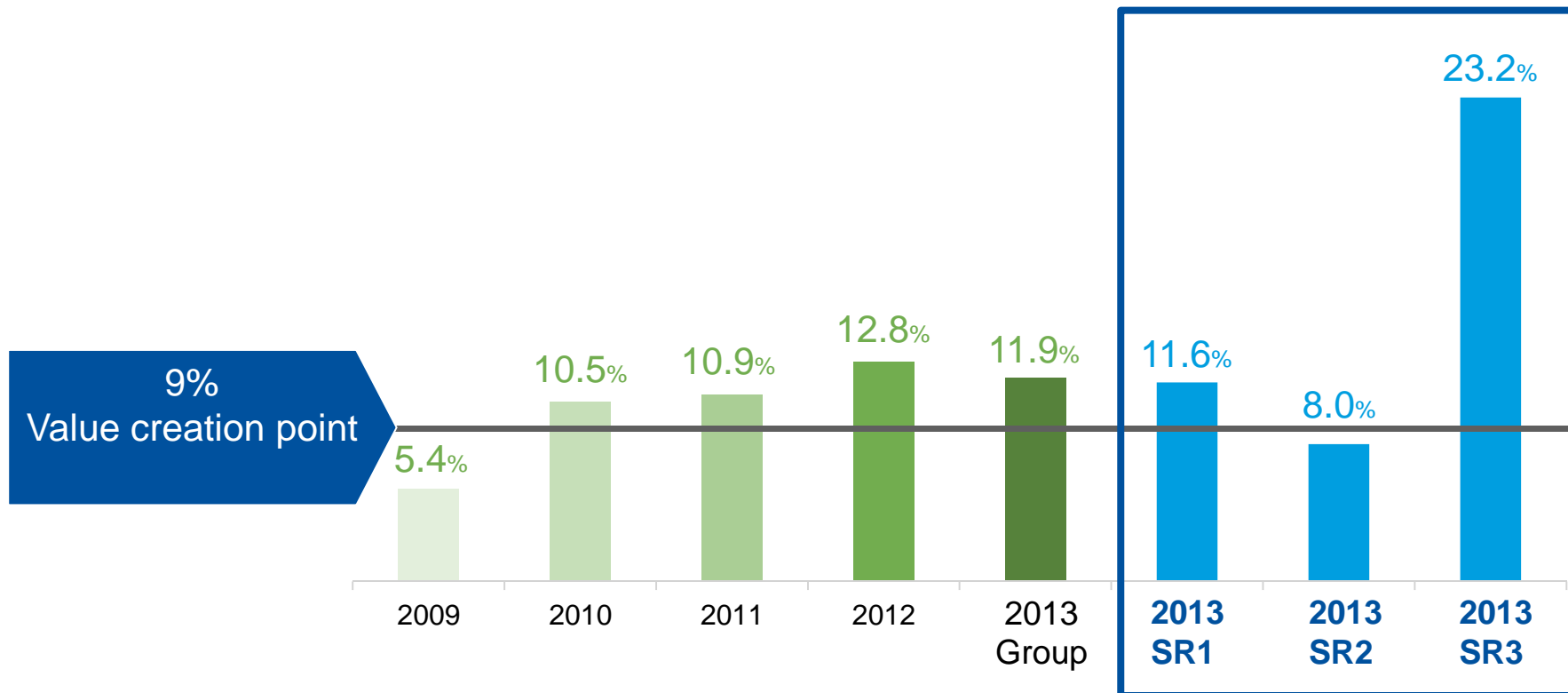
## 2013 and 2012 figures as reported

<i>In € millions</i>	<b>2013</b>	2012
<b>Net sales</b>	<b>20,247</b>	21,474
<b>Operating income</b> <i>(before non-recurring items, as a % of net sales)</i>	<b>2,234</b> 11.0%	2,423 11.3%
<b>Non-recurring items</b>	<b>(260)</b>	46
<b>Operating income</b>	<b>1,974</b>	2,469
<b>Cost of net debt</b>	<b>(94)</b>	(155)
<b>Other financial income &amp; expenses</b>	<b>(177)</b>	(22)
<b>Tax</b>	<b>(575)</b>	(736)
<b>Share of profit from associates</b>	<b>(1)</b>	15
<b>Net income</b>	<b>1,127</b>	1,571
<b>Earnings per share</b>	<b>6.08</b>	8.62
<b>Net debt</b>	<b>142</b>	1,053

# Fourth straight year of value creation while investing in the growth regions



## Return on capital employed (ROCE) *(after tax)*



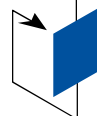


# A business that structurally generates free cash flow

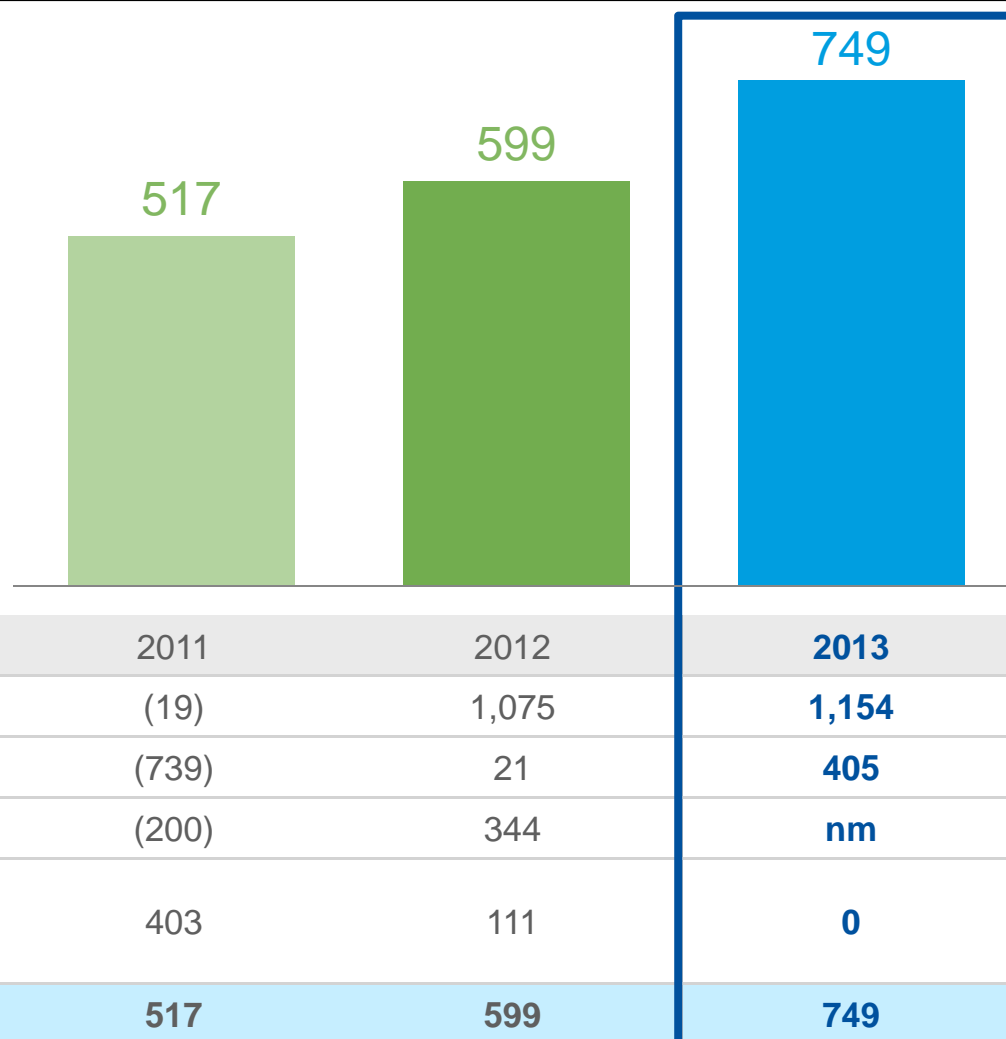


<i>In € millions</i>	2013	2012
<b>EBITDA</b>	<b>3,285</b>	3,445
Change in working capital requirement	818	276
Restructuring cash costs	(119)	(93)
Contributions paid to pension funds	(185)	(269)
Taxes and interest paid	(586)	(849)
Other	(124)	416
<b>Cash flows from operating activities</b>	<b>3,089</b>	2,926
Routine capital expenditure ( <i>maintenance, IS/IT, dealerships</i> )	(772)	(659)
<b>Available cash flow</b>	<b>2,317</b>	2,267
Growth investments	(1,208)	(1,337)
Others	45	145
<b>Free cash flow after capital expenditure</b>	<b>1,154</b>	1,075

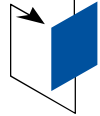
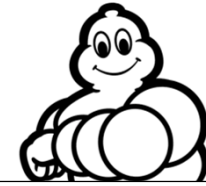
# A business that structurally generates Free Cash Flow



## Structural free cash flow

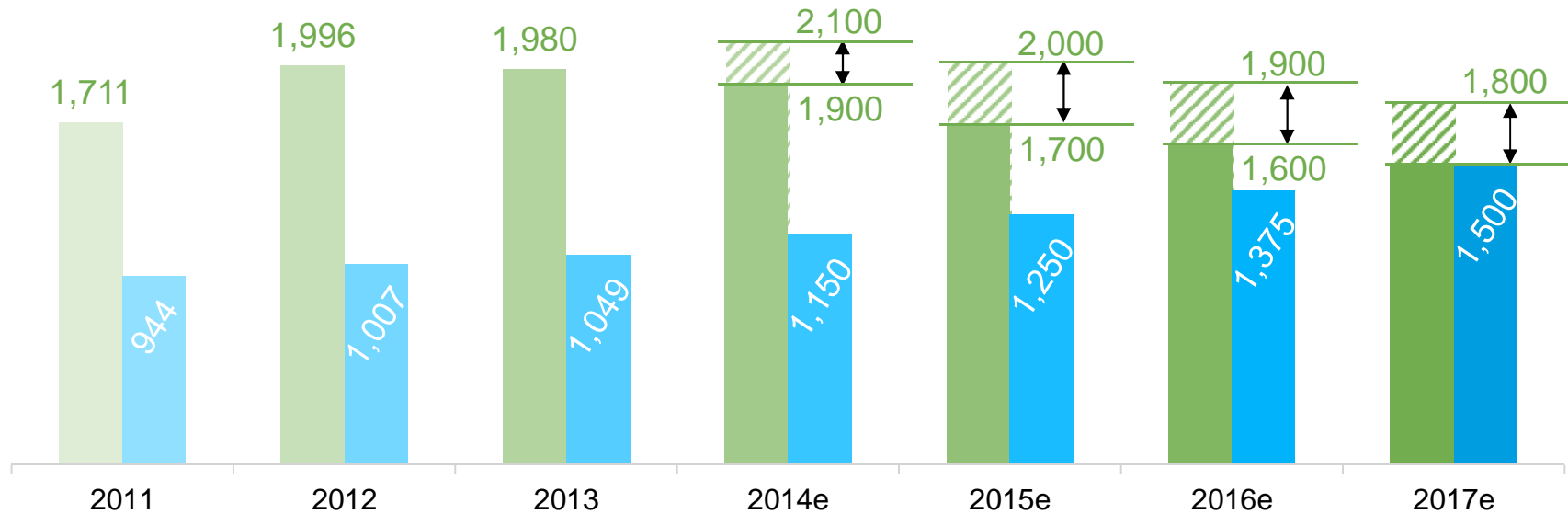


# Capex will peak in 2014

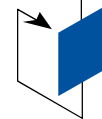
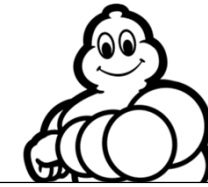


## Capital expenditure and depreciation (In € millions)

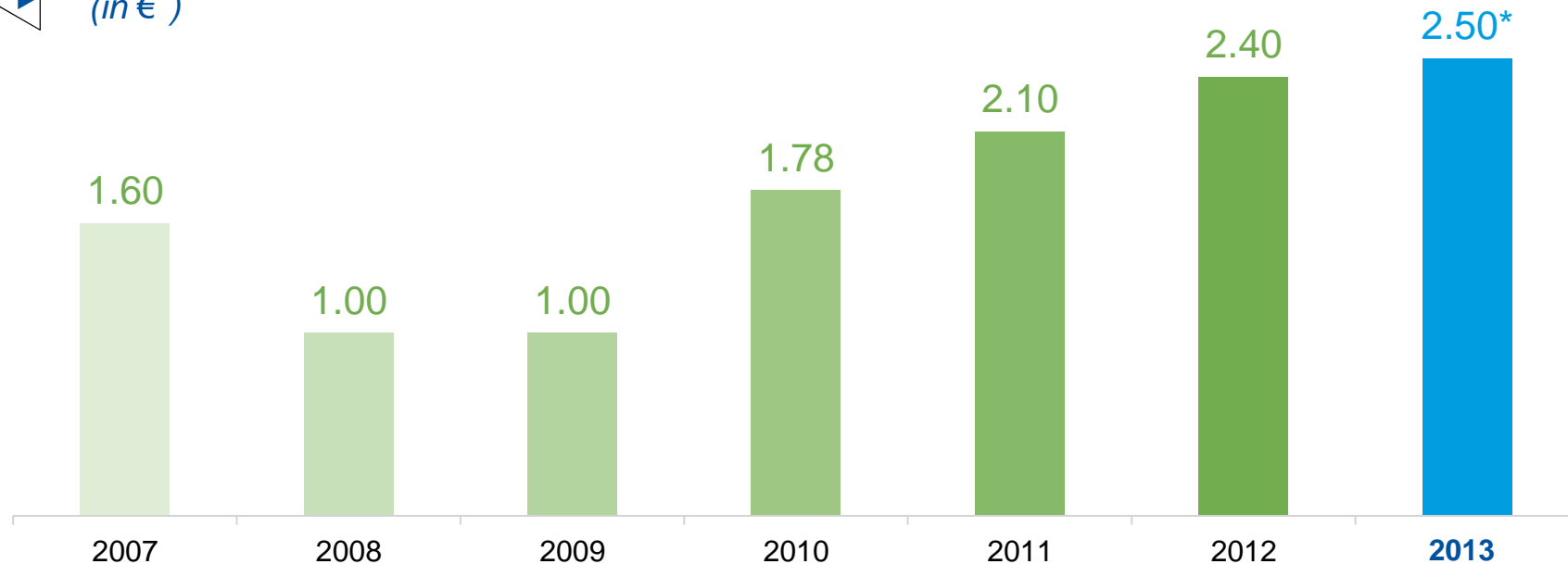
- Capital expenditure
- Depreciation



# Shareholder commitment and cash redeployment: payout increased to 35%



## Dividend per share (in € )



**New payout ratio, 2013-2020:**  
**35% of consolidated net income** *(before non-recurring items)*

\* Submitted to shareholder approval at the May 16, 2014 Annual Meeting

# Shareholder commitment and cash redeployment: share repurchases



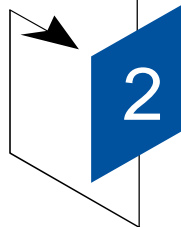
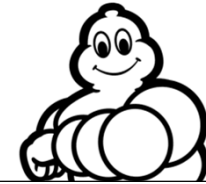
## Transactions in Michelin shares

*(under the authorization to buy back up to 10% of outstanding shares granted by shareholders at the May 17, 2013 Annual Meeting)*

	Number of shares	€m
<b>Shares bought back</b>	2,685,194	206
<b>Shares issued to employees</b>	845,934	68
<b>Shares cancelled</b>	1,809,260	136

<b>Shares outstanding at December 31, 2012</b>	<b>182,556,713</b>
New shares issued on the reinvestment of dividends	4,467,601
Shares cancelled	- 1,809,260
New shares issued on the exercise of stock options	574,583
New shares issued on the conversion of OCEANE bonds	6
<b>Shares outstanding at December 31, 2013</b>	<b>185,789,643</b>
<b>Average shares outstanding in 2013</b>	<b>184,179,000</b>

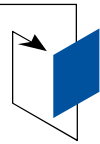
March 04, 2014



## TIRE MARKETS GENERALLY IMPROVING

# Car and Light truck:

Markets up except for the Western European winter tire market, whose slight decline was expected



## Markets at December 31, 2013

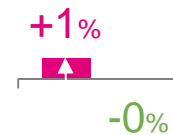
(% change YoY, in number of tires)



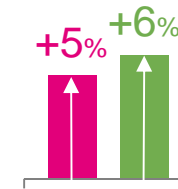
### North America



### Europe



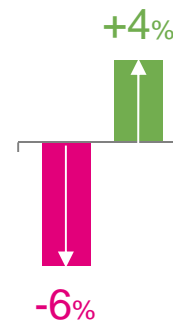
### Asia (excluding India)



### South America



### Africa-India-Middle East



### GLOBAL MARKET



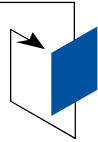
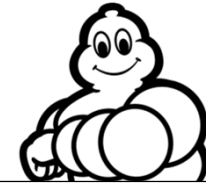
■ Original equipment  
■ Replacement

Source: Michelin



# Truck:

Technical upturn in Western Europe off of low comparatives and robust demand trends in the growth regions

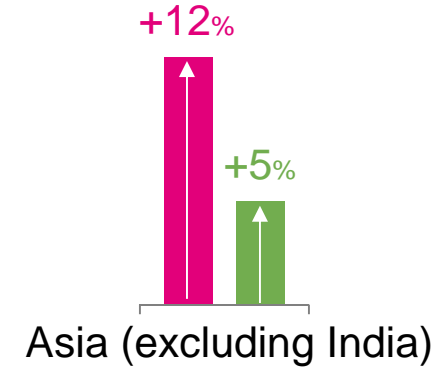
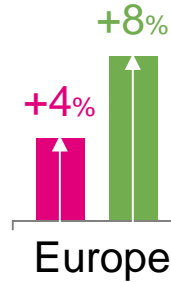
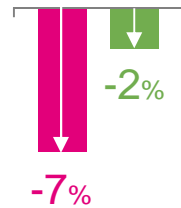


## Markets at December 31, 2013

(% change YoY, in number of new radial tires)



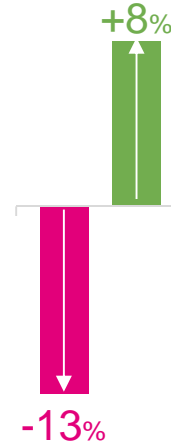
North America



South America



Africa-India-Middle East



GLOBAL MARKET



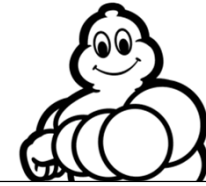
■ Original equipment  
■ Replacement

Source: Michelin





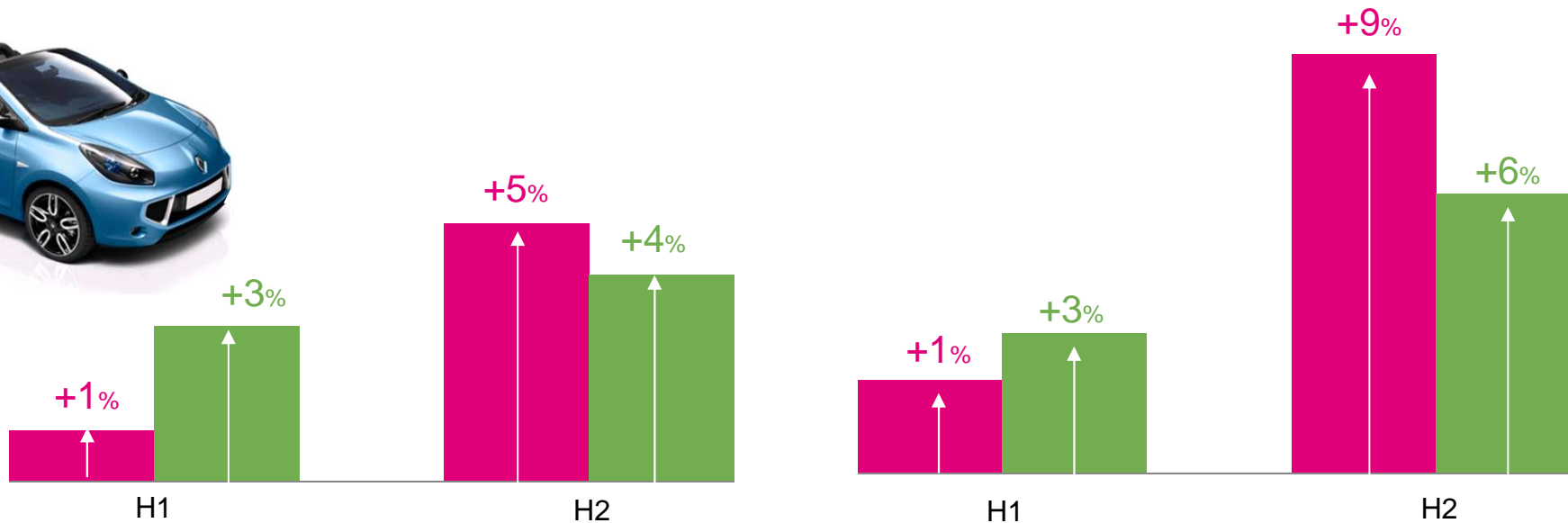
# Car and Light truck & Truck: more positive trends in the second half



## 2013 markets, H1 vs. H2 worldwide (% change YoY, in number of new radial tires)



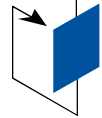
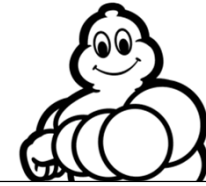
■ Original equipment ■ Replacement



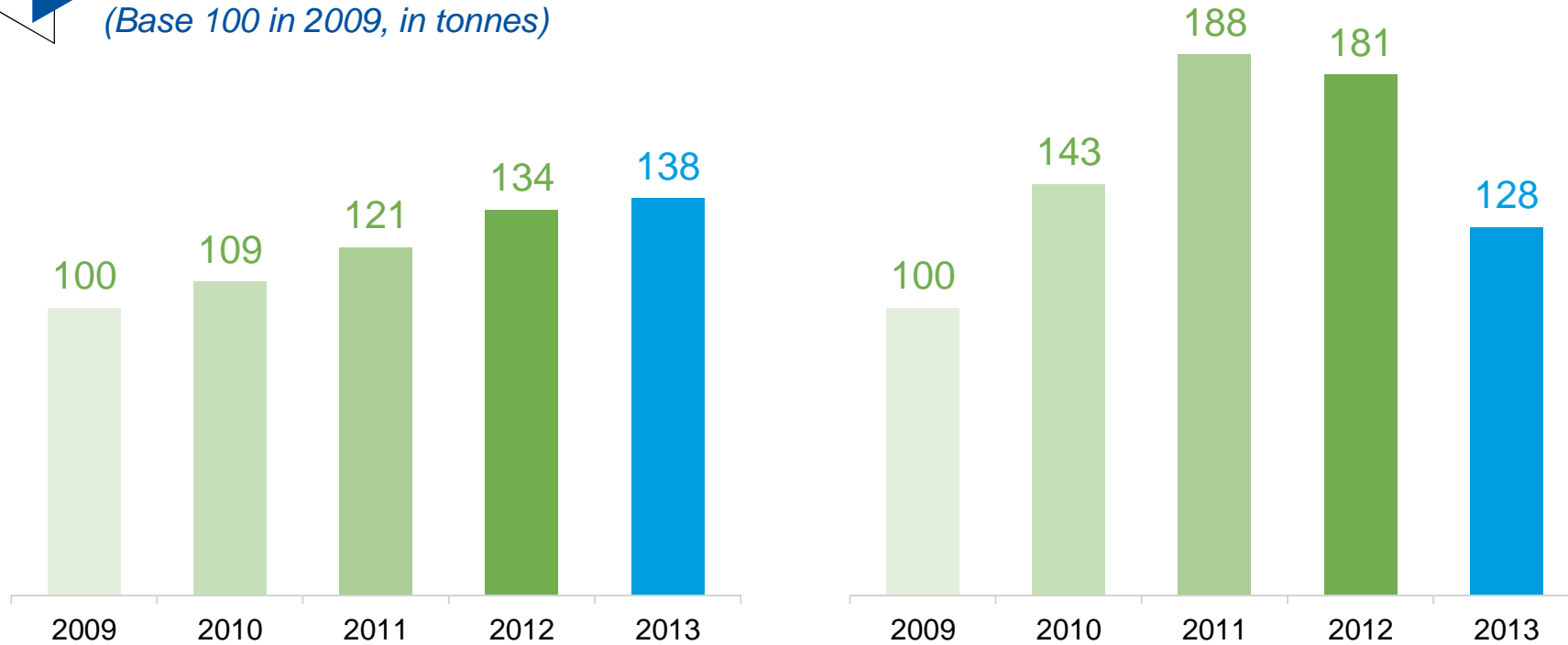
Source: Michelin



# Uneven Earthmover markets



## Earthmover markets (Base 100 in 2009, in tonnes)

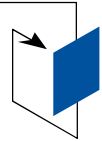
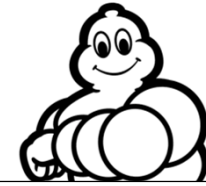


### Mining

### Infrastructure and Original Equipment (Europe and North America)



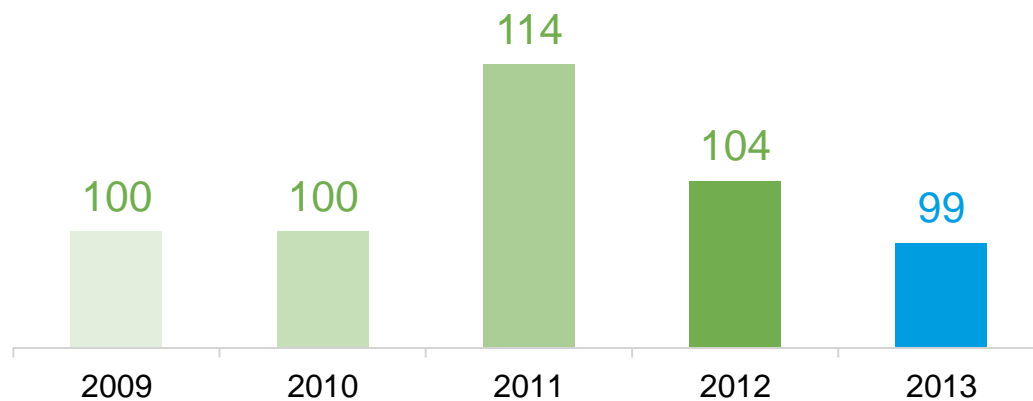
# Agricultural: down slightly overall, with higher demand for technical tires



## Agricultural tire markets – Europe and North America

(in number of tires, base 100 in 2009)

- ▶ Slight decline in OE
- ▶ Modest upturn in European replacement markets
- ▶ Growth in demand for technical tires
  - Average horsepower of tractors sold in North America has increased by nearly 40%\*



\* Michelin estimate, 2003 to 2013



# Passenger Car and Light Truck Tire Market:

A buildup of dealer tire inventory in Western Europe and a stable market in emerging regions



## January 2014 / 2013

Market	Europe*	North America	Brazil	China
Original Equipment	▲ +6%	▲ +2%	▼ -17%	▲ +15%
Replacement	▲ +5%	▲ +2%	▼ -0%	▲ +1%

## YTD (January 2014)

Market	Europe*	North America	Brazil	China
Original Equipment	▲ +6%	▲ +2%	▼ -17%	▲ +15%
Replacement	▲ +5%	▲ +2%	▼ -0%	▲ +1%

\* Russia and Turkey included

# Truck Tire Market:

Major inventory buildups in Europe and high basis of comparison for South America



## January 2014 / 2013

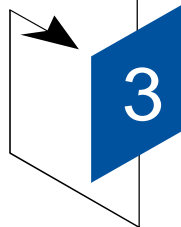
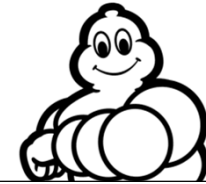
Market (Radial)	Europe*	North America	Brazil
Original Equipment	▲ +6%	▼ -2%	▼ -3%
Replacement	▲ +20%	▲ +4%	▼ -3%

## YTD (January 2014)

Market (Radial)	Europe*	North America	Brazil
Original Equipment	▲ +6%	▼ -2%	▼ -3%
Replacement	▲ +20%	▲ +4%	▼ -3%

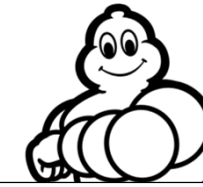
\* Russia and Turkey included

March 04, 2014

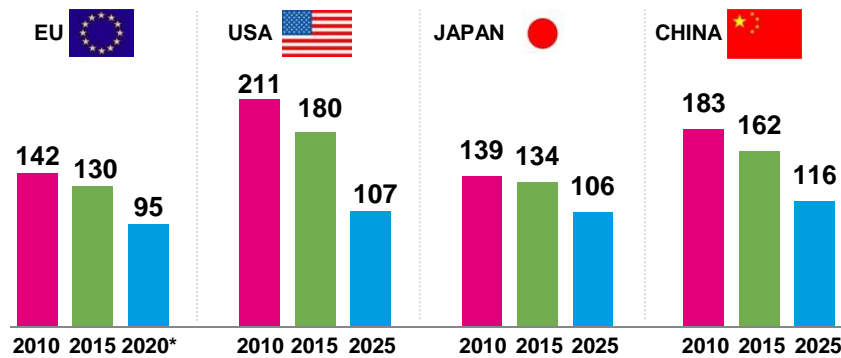


## CONTINUING PRODUCT INNOVATION

# Innovation: Emissions Regulations Drive a Valorized Demand for Energy-Saving Tires

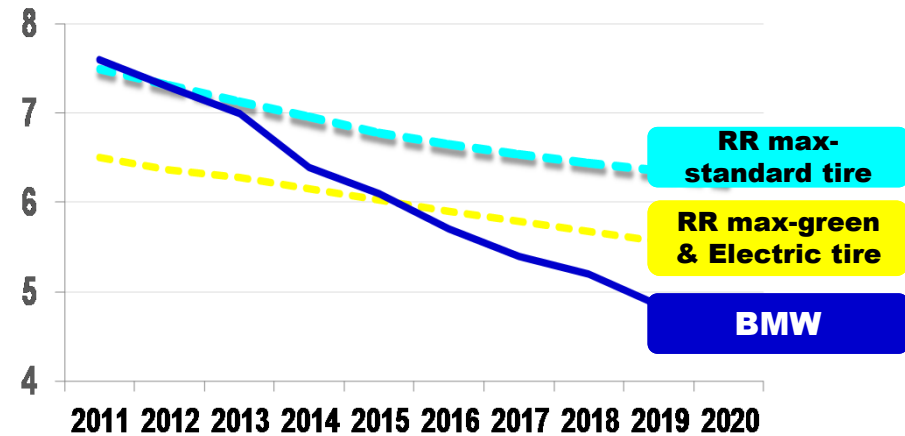


## CO<sub>2</sub> fleet emission targets (g(CO<sub>2</sub>)/km)



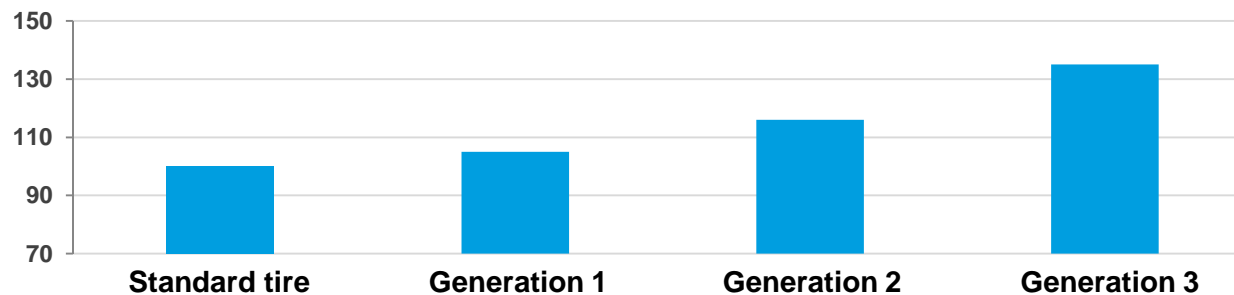
Source: EU Commission (\*to be validated), Parliament and Council; EPA, DOT and NHTSA; JAMA; ICCT; Roland Berger

## Rolling resistance demanded by premium OEM's

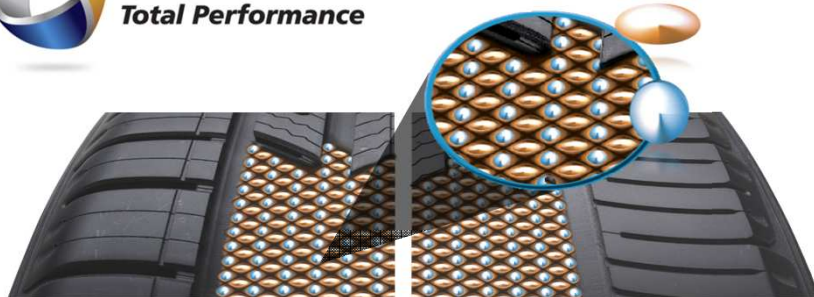
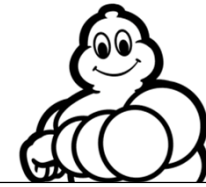


## 2012 OE Valorization of Michelin new low rolling resistance technologies

Price index 100 for standard tire

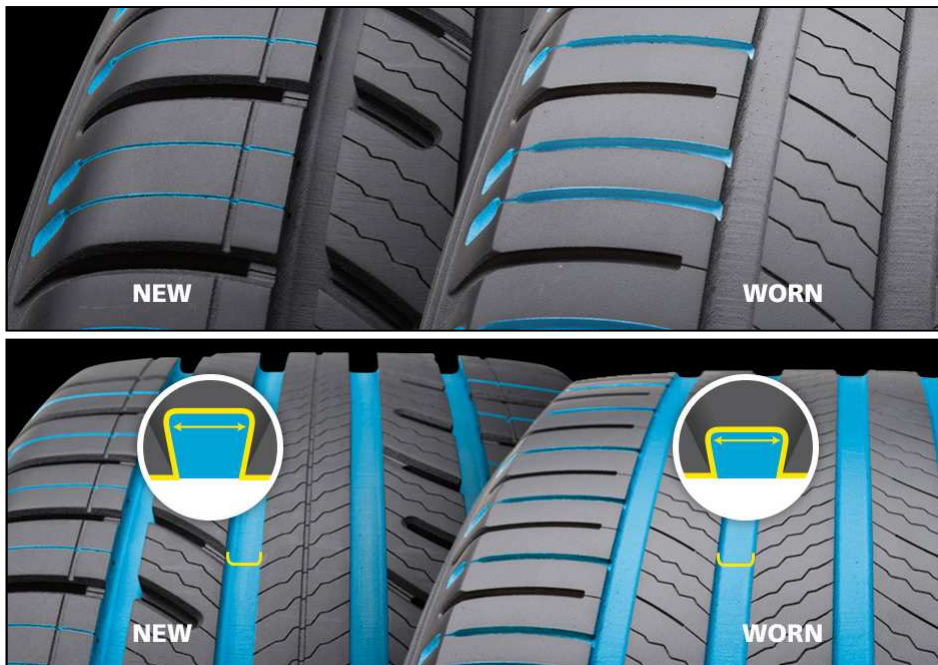


# Innovation: MICHELIN EverGrip™ technology makes even worn tires safe



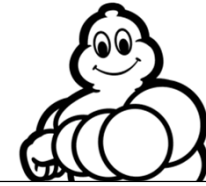
- ▶ Revolutionary compounds
- ▶ Self-regenerating tread patterns

**PREMIER® line launch**  
in April 2014, in North America



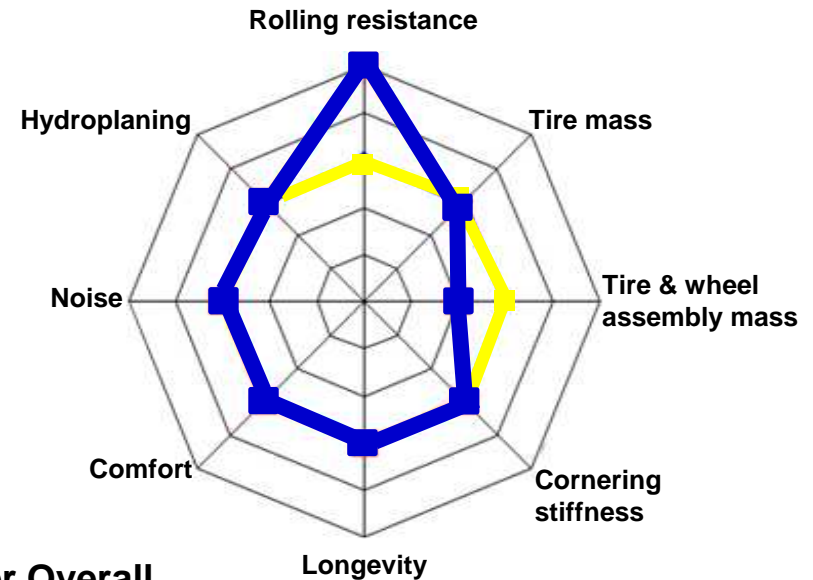


# Innovation: Benefits of Tall and Narrow Tires Carrying the Same Load as a Standard Tire



— REFERENCE SIZE (ex: 205/60-16)

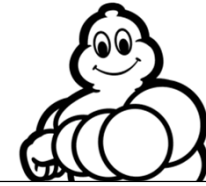
— TALL & NARROW SIZE (ex: 185/65-19)



- ▶ Tall & Narrow tires take advantage from their larger Overall Diameter to reduce rolling resistance & noise and improve aquaplaning & comfort
- ▶ Natural benefits of Tall & Narrow tires in aquaplaning, noise & comfort can be exchanged to reduce even more rolling resistance through:
  - Tread pattern optimization
  - Tire pressure increase



# Sustained Introduction of Innovative Premium Tires



- ▶ 67% of 2013 OE Certifications on  $\geq 17'$
- ▶ Successful co-development with the most demanding vehicle manufacturers:
  - MICHELIN Pilot Super Sport on the BMW M3



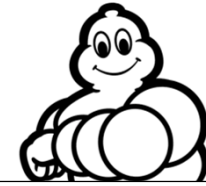
- Porsche Carrera 991 GT3 & Carrera GT3 RS fitted with the MICHELIN Pilot Sport Cup 2



- MICHELIN Pilot Alpin PA4 equips the Mercedes S Class AMG



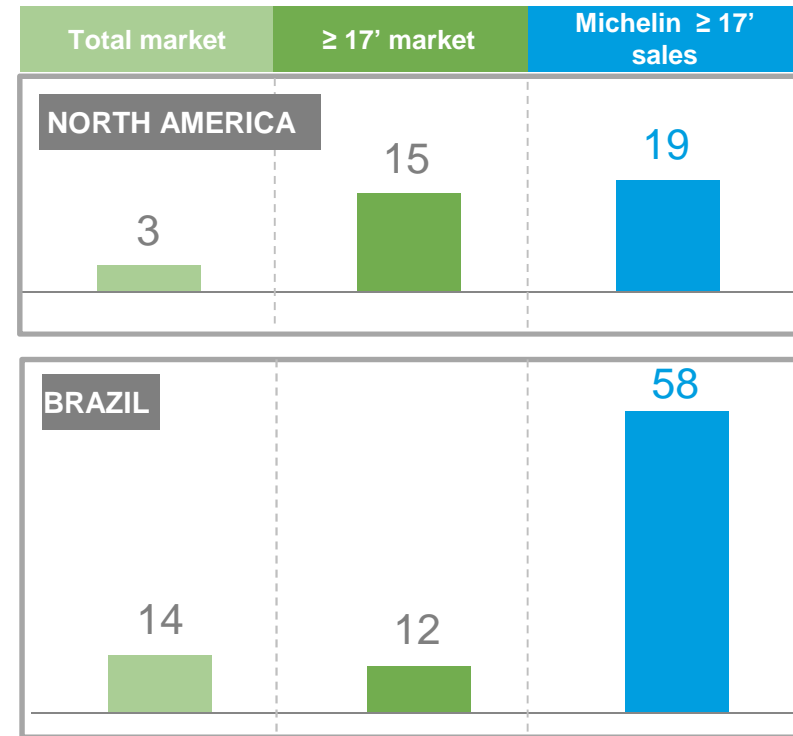
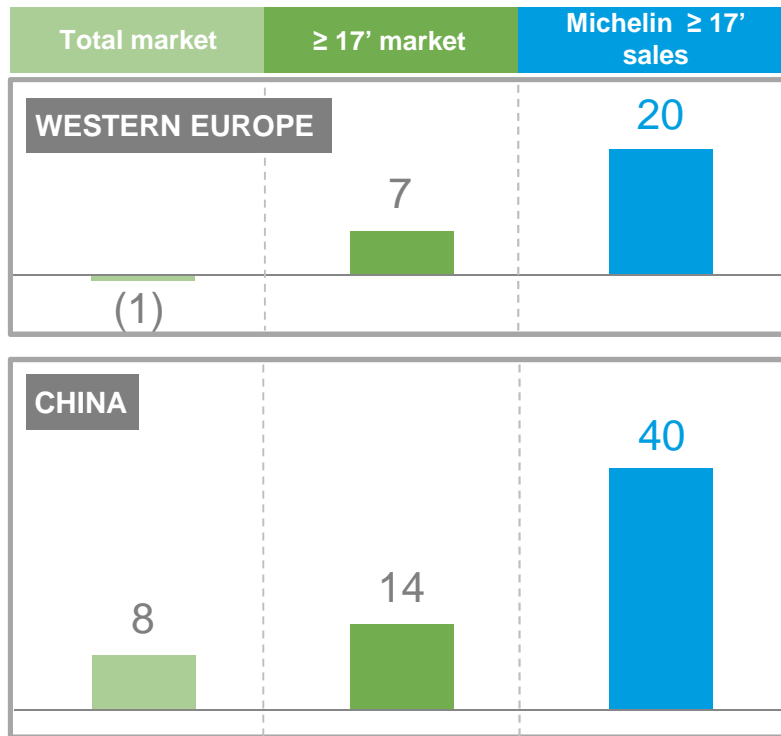
# Premium Car and Light truck: technological leadership and the MICHELIN brand



- ▶ **Original equipment:** 67% of 2013 ≥17' certifications
- ▶ **Replacement:** 39% of 2013 ≥17' sales



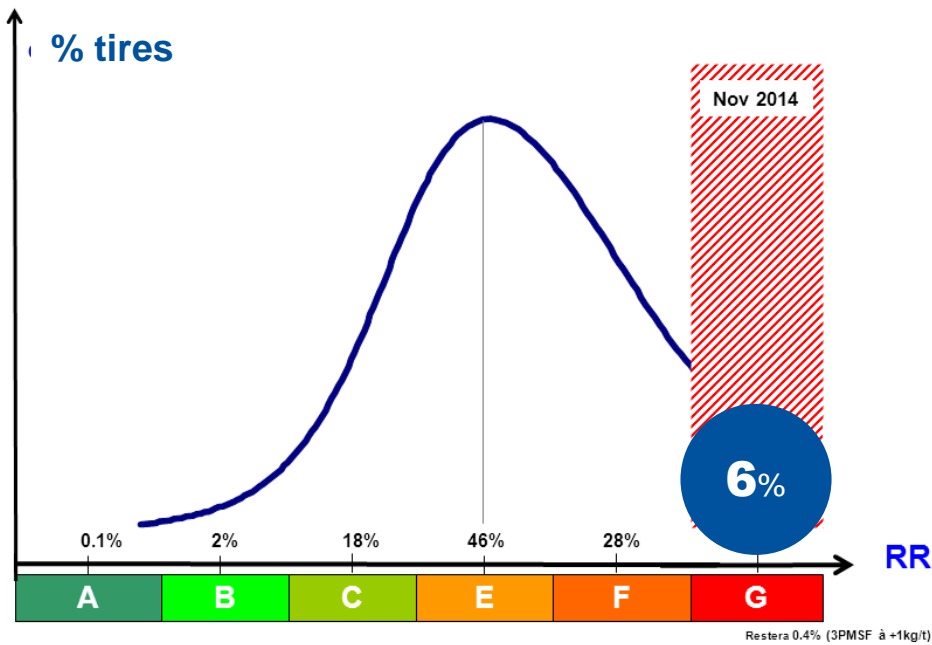
## Replacement Car and Light truck markets (% YoY change in 2013)



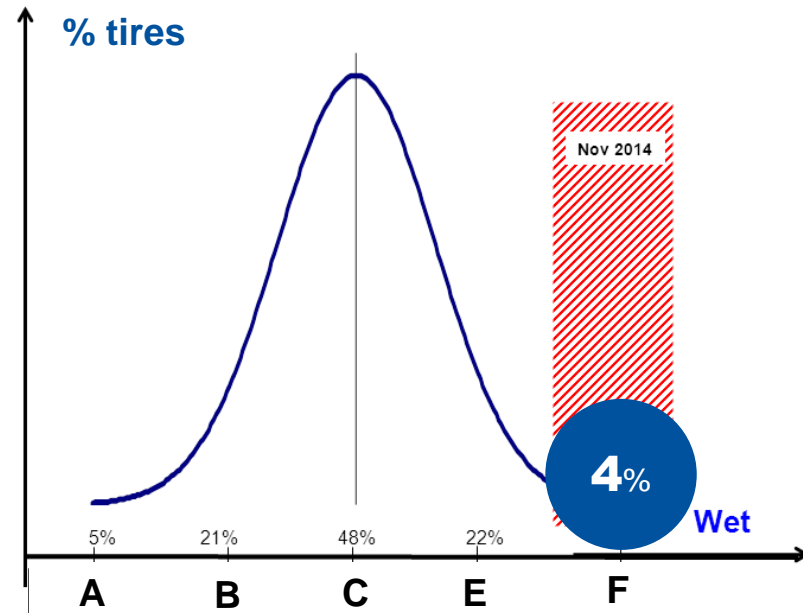
# EU Car and Light truck tire regulations: 6 to 10% of currently marketed tires banned from sale in Nov. 2014



## Tire rating bands, November 2014 (EU Car and Light truck tire labeling)



Rolling resistance

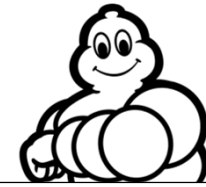


Wet grip

Source: LIZEO



# Product Plan and Associated Services: new products and Michelin Solutions with Effifuel offer



**MICHELIN X® LINE™ Energy™:**  
truckers reduce their operating budget by €644/year  
while lowering their CO<sub>2</sub> emissions by 1,371 kg.



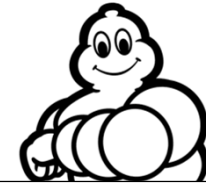
**Michelin Opens its Patents for  
Adoption of Worldwide RFID1 Standard**



**Michelin Solutions Launches Effifuel™**  
help operators to monitor and reduce vehicle fuel consumption



# Sustained Introduction of Innovative Products



**X-SUPER TERRAIN + Tire**



**All 2-wheels tire ranges renewed in 2 years**



**X-STRADDLE 2:  
+30 % productivity**



**XDR 2: up to +20 % productivity**



**Michelin at the Paris Air Show:  
Four Innovative Tires**

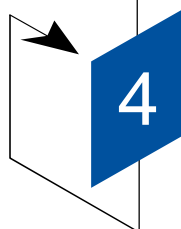


**MICHELIN AxioBib IF 850/75 R42:  
loading capacity of 9,5 tonnes at low pressure**



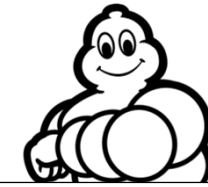
February 11, 2014

## 2013 ANNUAL RESULTS

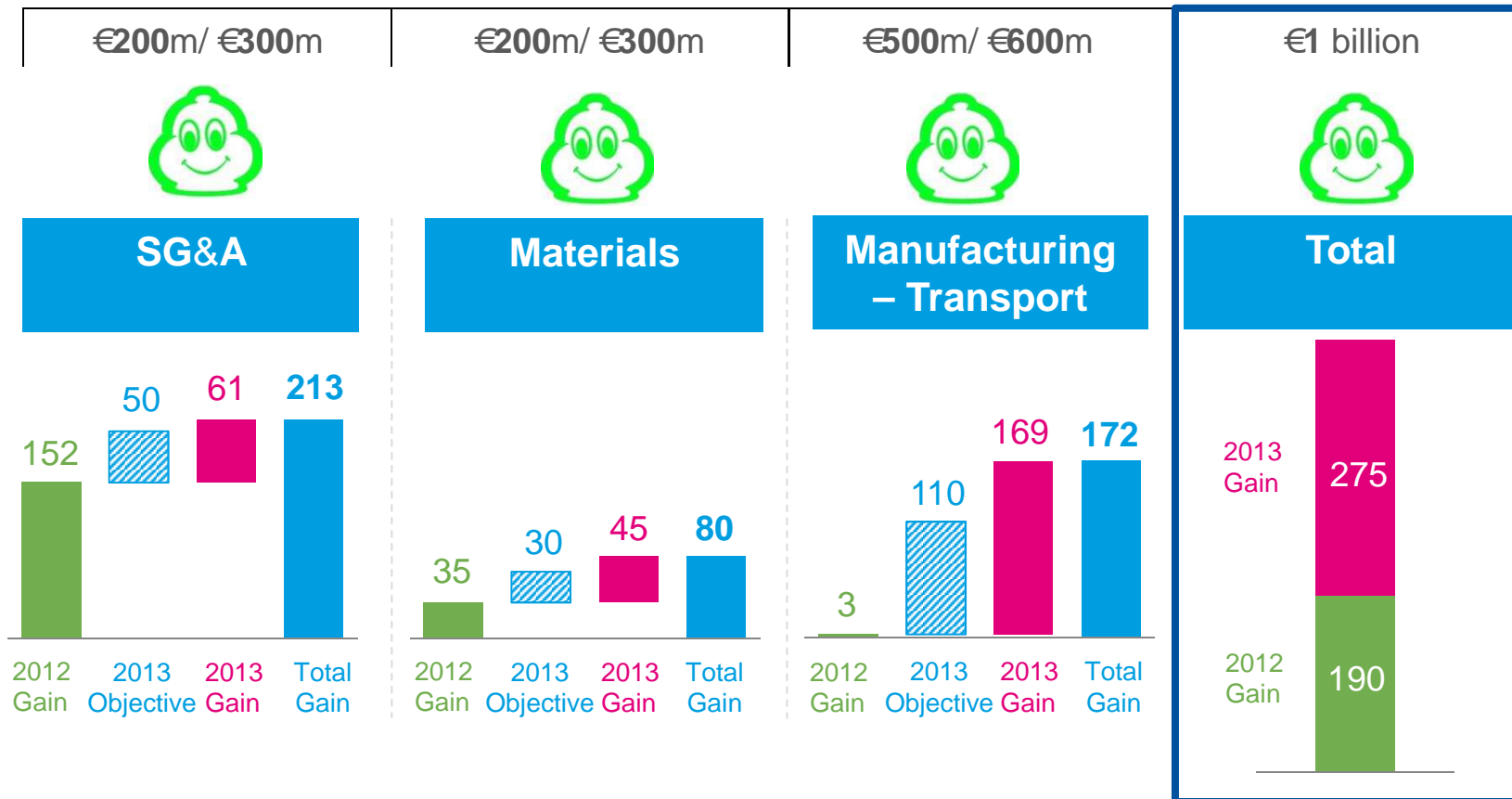


## FURTHER PROGRESS ON THE COMPETITIVENESS PLAN

# 2012-2016 Competitiveness Plan: €465 million in gains in two years despite weak volumes



## GAIN OBJECTIVES 2012 – 2016\*

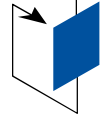
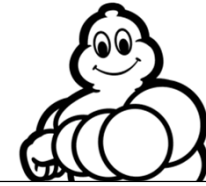


\*Before inflation and including avoided costs



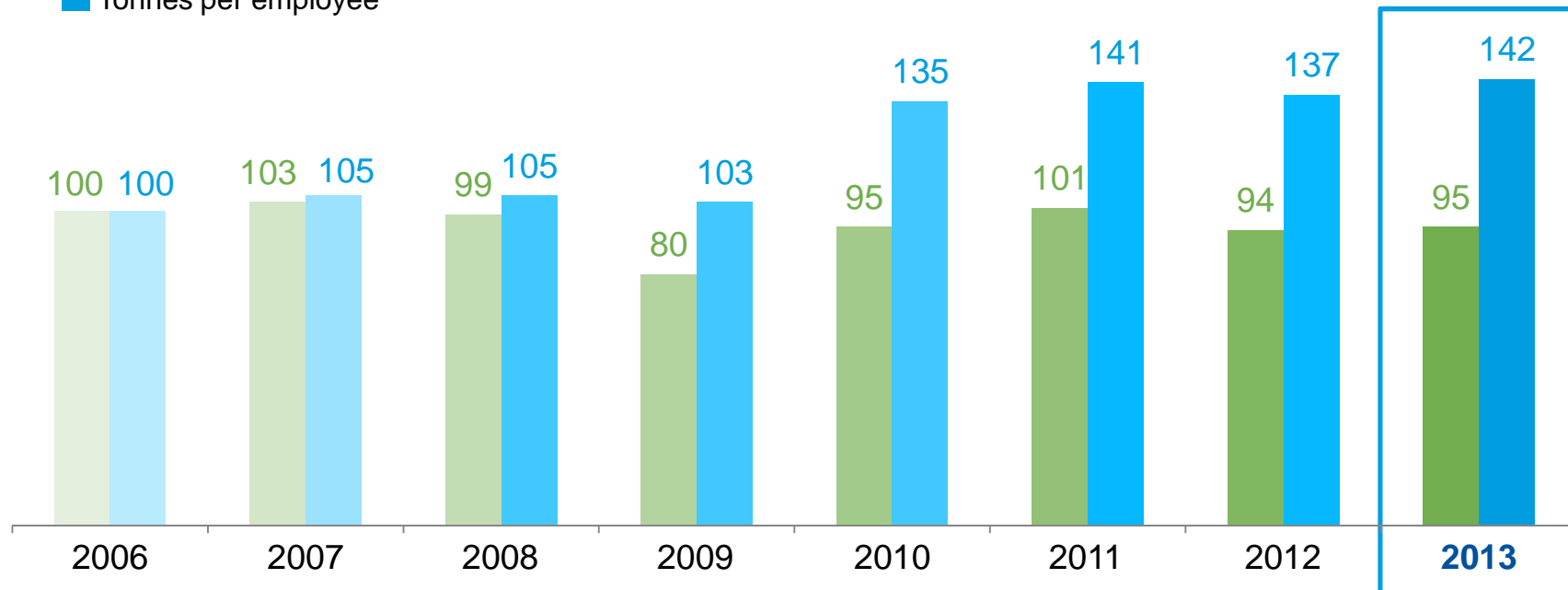


# Competitiveness: improving our manufacturing efficiency



## Tonnes per employee (base 100 in 2006)

- Output
- Tonnes per employee



# OPE: new, standardized, cross-functional operating procedures and information systems



## UPSTREAM

Raw materials  
Semi-finished products

### Activities:

- R&D
- Industry
- Purchasing
- Supply chain
- Logistics



## FINANCE - PURCHASING

All value flows

### Activities:

- Finance
- Accounting
- Purchasing



## DOWNSTREAM

Finished products

### Activities:

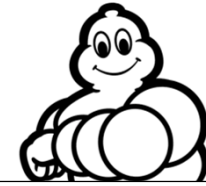
- Supply chain
- Logistics
- Commerce

Expected outcomes in 2017:

- ▶ At least a €200m reduction in annual SG&A and supply chain costs
- ▶ At least a €250m reduction in inventory

- Annual program costs: around €100m over the next four years

## OPE program on-time, on-budget:



- ▶ 2013 deployment plan effectively implemented
- ▶ 2013 cash-out in line with the budget
- ▶ Deployment of Finance/Purchasing OPE
  - End-2013: up and running in companies representing ~40% of consolidated net sales
  - 2014 objective: 65% after deployment in Western Europe
- ▶ Deployment of Downstream OPE: responsive, agile CRM
  - Example of a quick win: launch of a new make-to-order delivery service, for a >90% satisfaction rate
  - Example of a quick win: introduction of a centralized inventory management system to drive faster turnover of ≥17' and Agricultural tires
  - Opening of an online dealer ordering portal

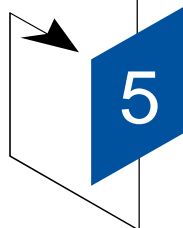
# The Projects will eventually Deliver more than €70 million in Productivity Gains a Year



<i>In € millions</i>	2013	2014	2015	2016	
					<b>Total Non-recurring expense</b>
<b>Non-recurring expense</b>	(236)	0	0	0	(236)
<b>O/w restructuring cash out</b>	(42)	(70)	(25)	(10)	
					<b>Net cash</b>
<b>Cash in (asset sales)</b>			+23		(135)
					<b>Current year</b>
<b>Productivity</b>		+53	+65	+72	+72

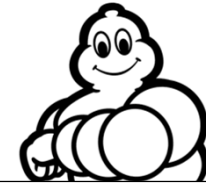


March 04, 2014



## 2014 OUTLOOK

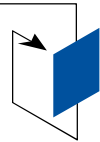
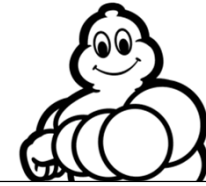
# Guidance: 2014 operating income in line with our 2015 objective\*



- ▶ **Increase in volumes** of around 3%
- ▶ **Positive** price / raw materials ratio
- ▶ Manufacturing: **balance between:**
  - Sustained deployment of the 2012-2016 Competitiveness Plan
  - Annual growth in production costs
  - Flat start-up costs
- ▶ **Slight increase** in SG&A expense:
  - Sustained deployment of the 2012-2016 Competitiveness Plan
  - Investing in growth drivers
  - Sustained deployment of the OPE system
- ▶ Structural free cash flow > **€500 million**
- ▶ ROCE: >**11%**

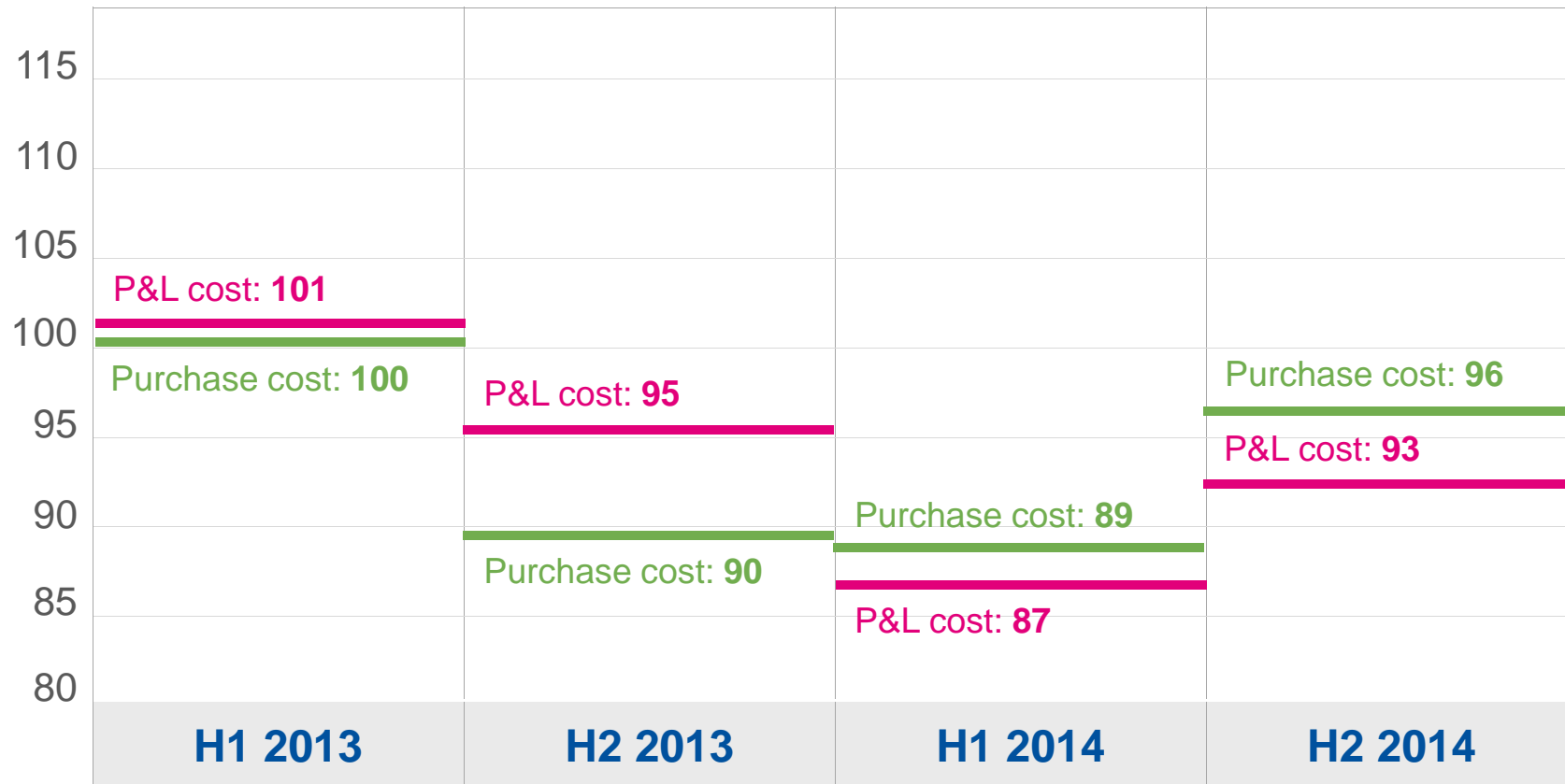
\* Based on 2012 average exchange rates

# Raw materials: around a €300 million favorable impact in the first half



## Michelin assumptions for 2014

(With € 1 = \$1.369 )



# Guidance: 2014 operating income in line with our 2015 objective\*



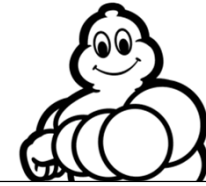
	2013	Guidance 2014
Volumes	+ 0%	Increase in volumes of around 3%
Impact of raw material price	+ €619m	Tailwind (due to the measurement of raw materials inventory at weighted average cost)
Price / raw materials	+ €69m	Positive
Competitiveness / production costs	+ €30m	Neutral
Increase in SG&A expense	- €1m	Slightly higher
Operating income before non-recurring items	€2,234m	Lifted by growth, excluding any currency effects
Operating margin before non-recurring items – RS1	10.2%	Middle of the 10-12% range
Operating margin before non-recurring items – RS2	7.8%	Top of the 7-9% range
Operating margin before non-recurring items – RS3	20.6%	Bottom of the 20-24% range
ROCE	11.9%	More than 11%
CAPEX	€1,980m	Around €2,000m
Structural free cash flow	€749m	More than €500m

\* Based on 2012 average exchange rates





# 2014 investor calendar



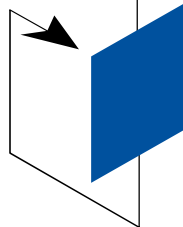
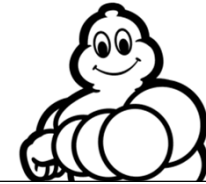
- ▶ **Between the 15<sup>th</sup> and 20<sup>th</sup> of the month:** monthly market data
- ▶ **April 23, 2014:** first-quarter 2014 net sales
- ▶ **May 16, 2014:** Annual General Meeting of Shareholders
- ▶ **May 20, 2014:** Ex date
- ▶ **May 22, 2014:** Record date
- ▶ **May 23, 2014:** Dividend payment *(submitted to shareholder approval at the May 16, 2014 Annual Meeting)*
- ▶ **July 29, 2014:** first-half 2014 results
- ▶ **October 22, 2014:** third-quarter 2014 net sales
- ▶ **November 10, 2014:** Investor Day in Shenyang (China)
- ▶ **February 10, 2015:** 2014 results





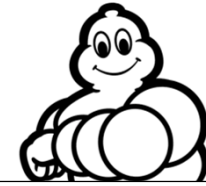
March 04, 2014

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## APPENDICES

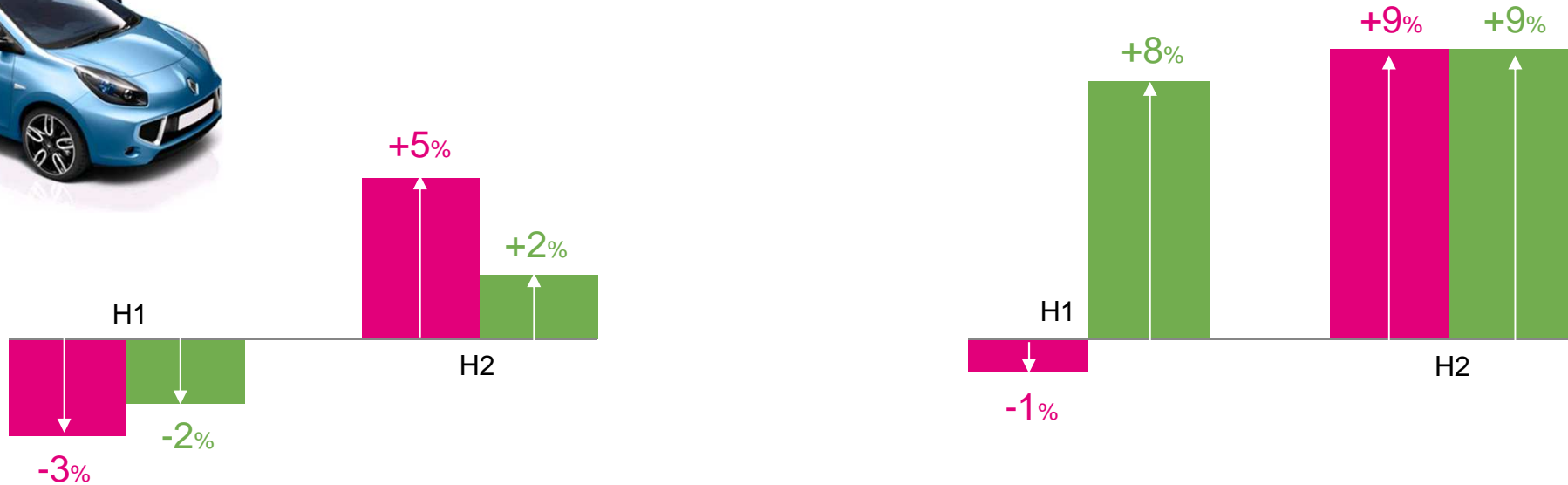
# Car and Light truck & Truck – Europe: more positive trends in the second half



## 2013 markets, H1 vs. H2 – Europe (% change YoY, in number of new tires)



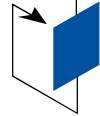
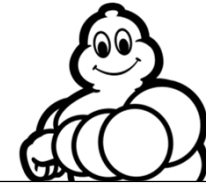
■ Original equipment ■ Replacement



Source: Michelin

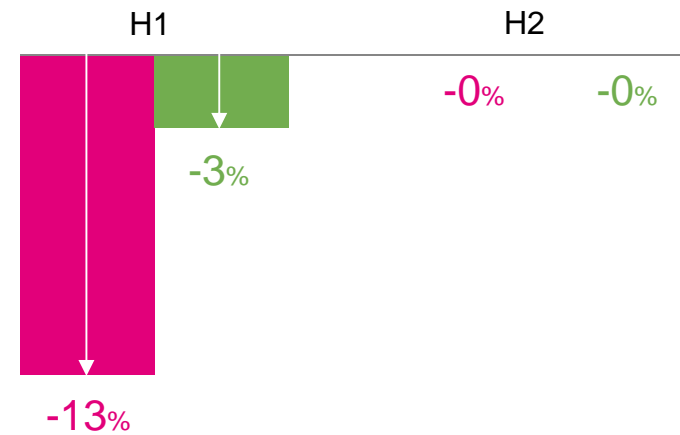
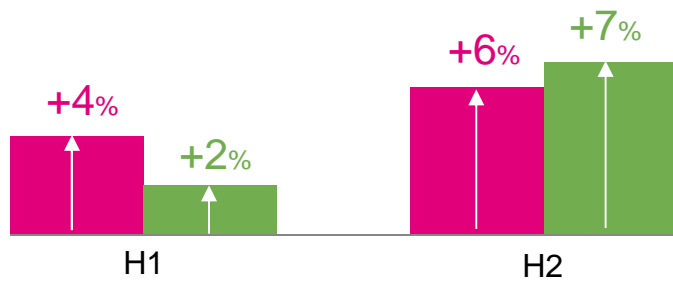


# Car and Light truck & Truck – North America: more positive trends in the second half



## 2013 markets, H1 vs. H2 – North America (% change YoY, in number of new tires)

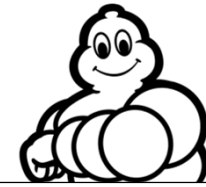
■ Original equipment ■ Replacement



Source: Michelin



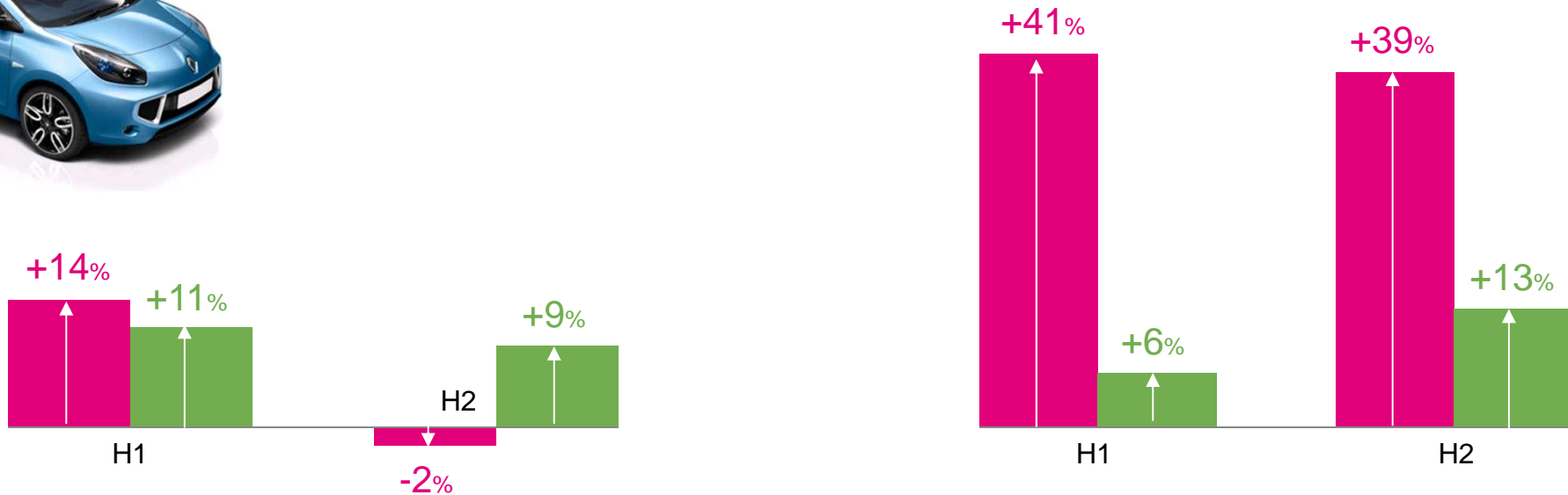
# Car and Light truck & Truck – South America: more positive trends in the second half



## 2013 markets, H1 vs. H2 – South America (% change YoY, in number of new tires)



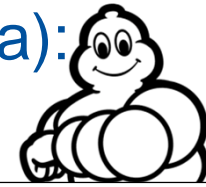
■ Original equipment ■ Replacement



Source: Michelin



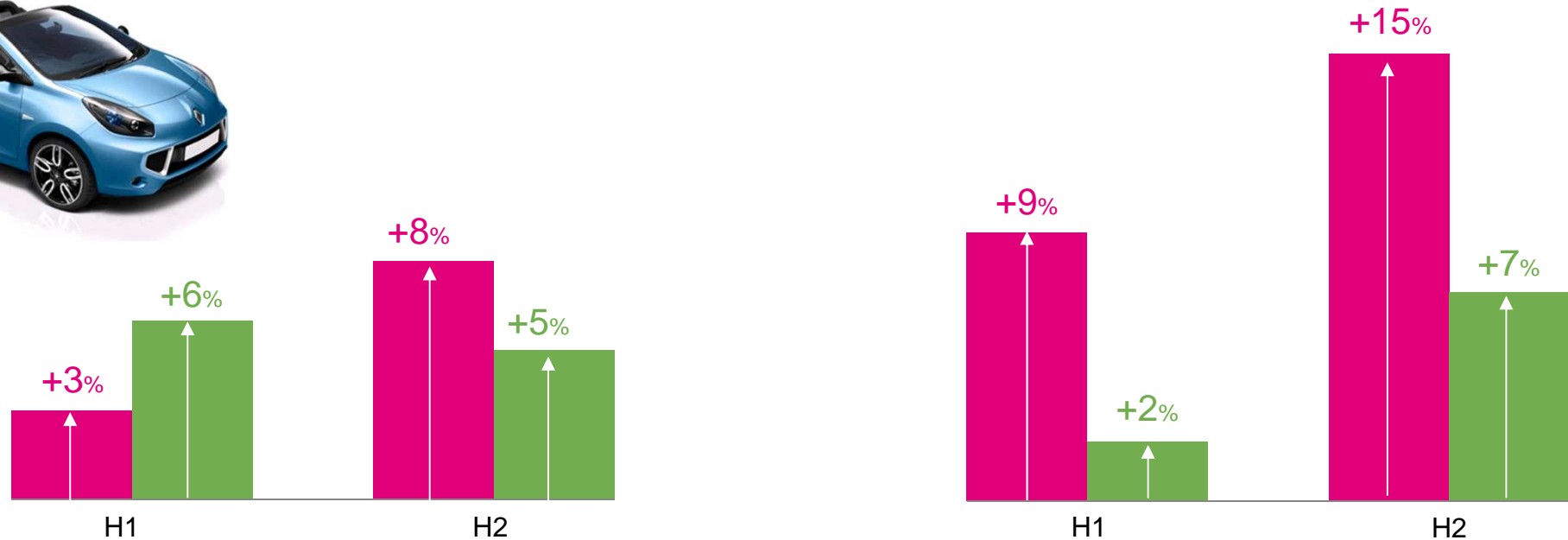
# Car and Light truck & Truck – Asia (excluding India): more positive trends in the second half



## 2013 markets, H1 vs. H2 – Asia (excluding India) (% change YoY, in number of new tires)



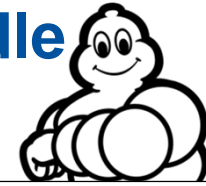
■ Original equipment ■ Replacement



Source: Michelin



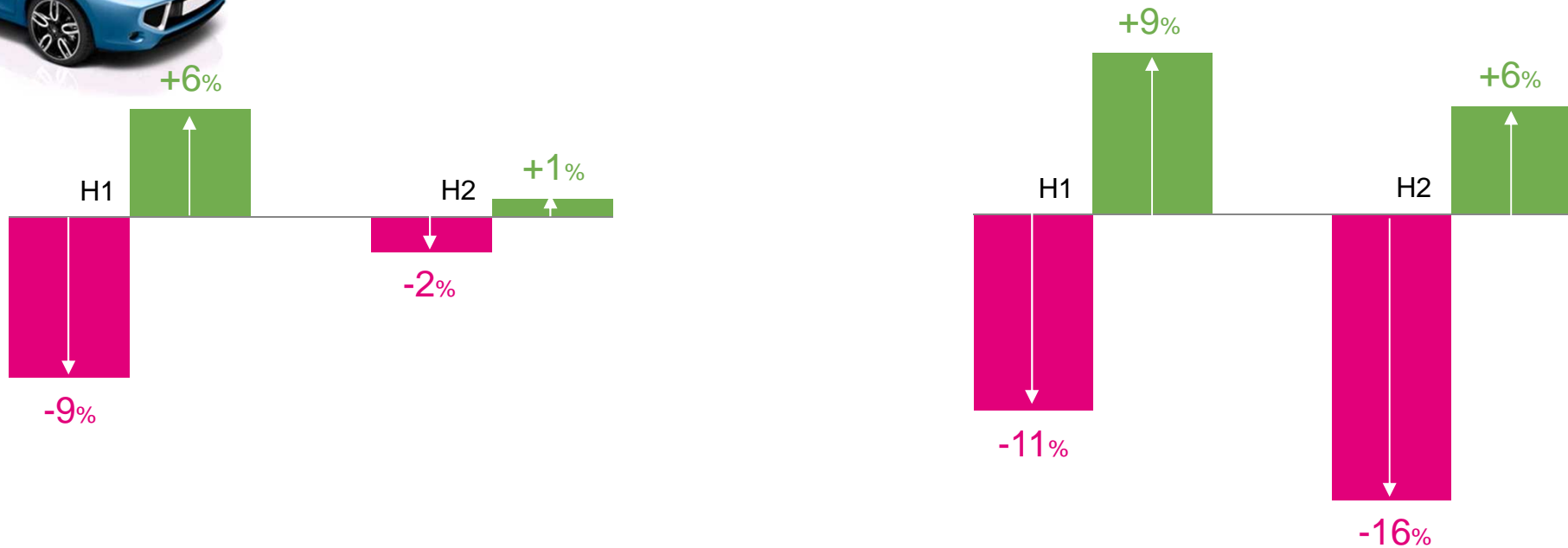
# Car and Light truck & Truck – Africa-India- Middle East: more positive trends in the second half



## 2013 markets, H1 vs. H2 – Africa-India-Middle East (% change YoY, in number of new tires)



■ Original equipment ■ Replacement



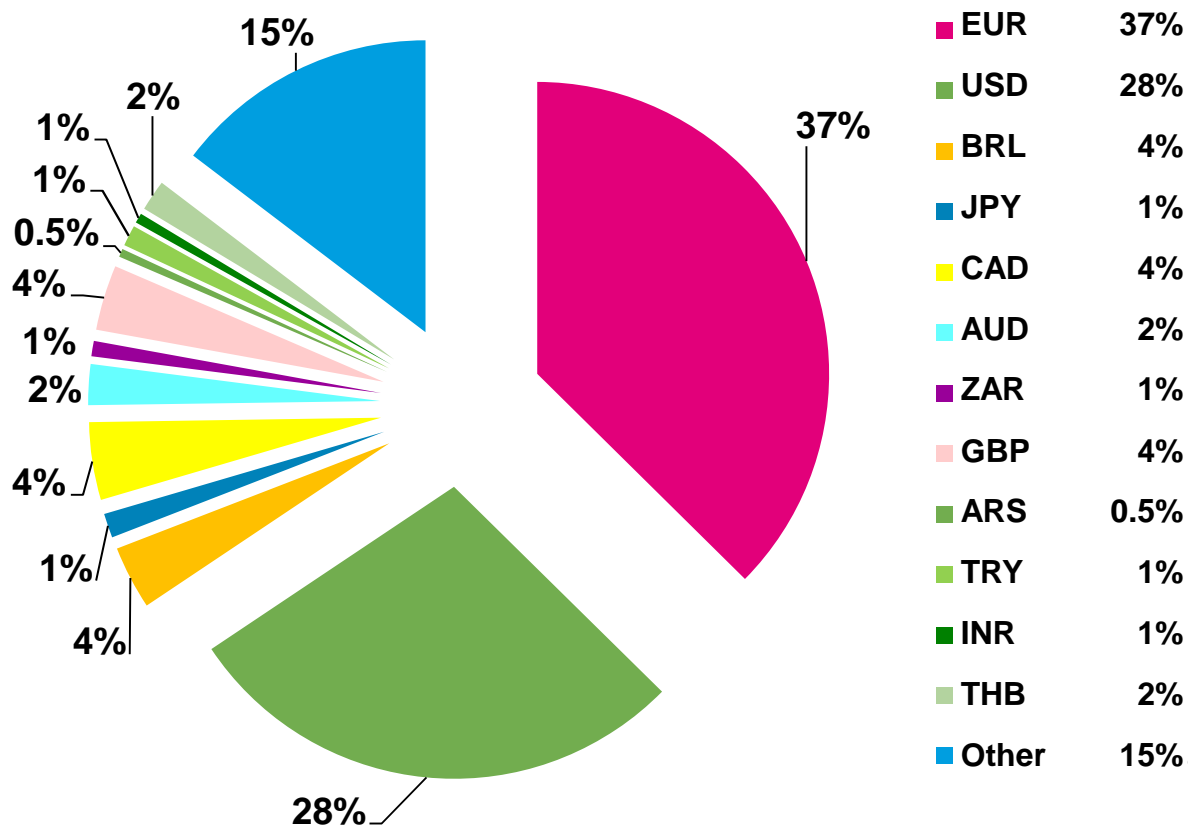
Source: Michelin



# High currency exposure given the Group's global footprint

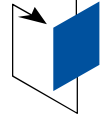
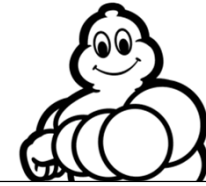


2013 net sales by currency



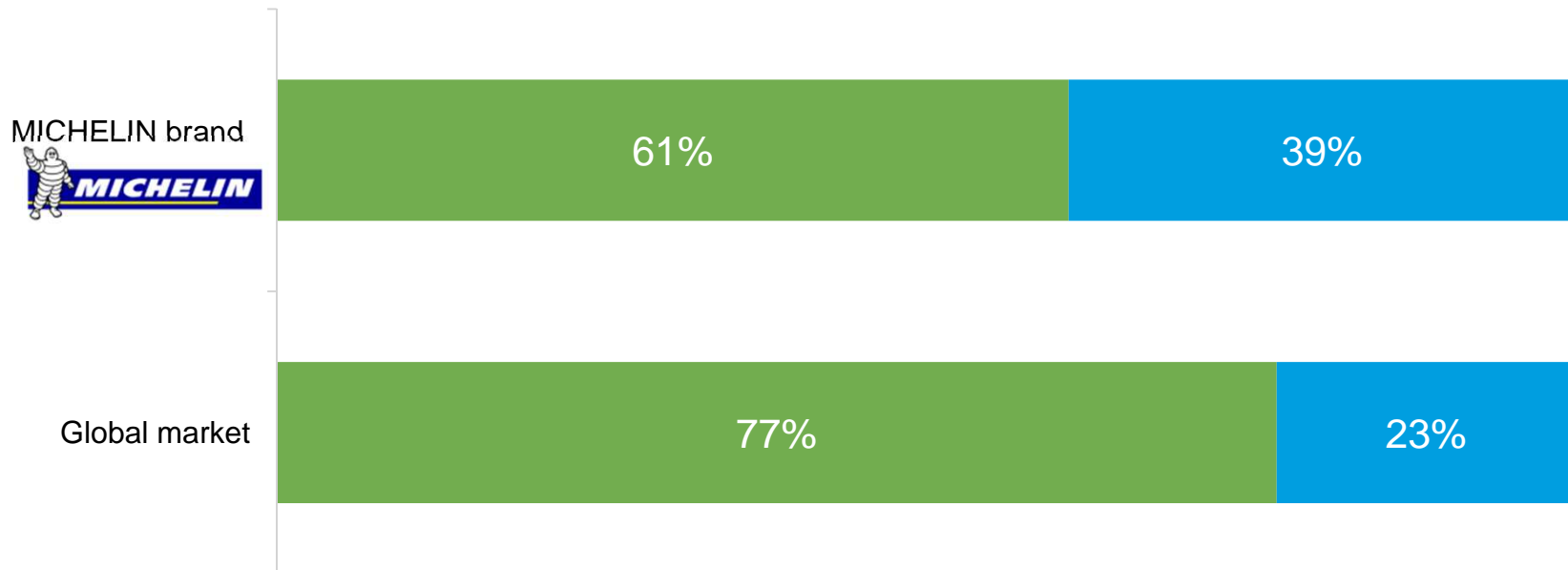


# MICHELIN: clearly positioned as the premium brand

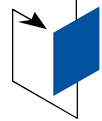
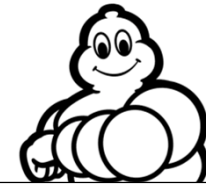


## 2013 Car and Light truck market by size (in number of tires)

■ ≤16'   ■ ≥17'



# Premium OE and replacement markets: growing much faster than the global market

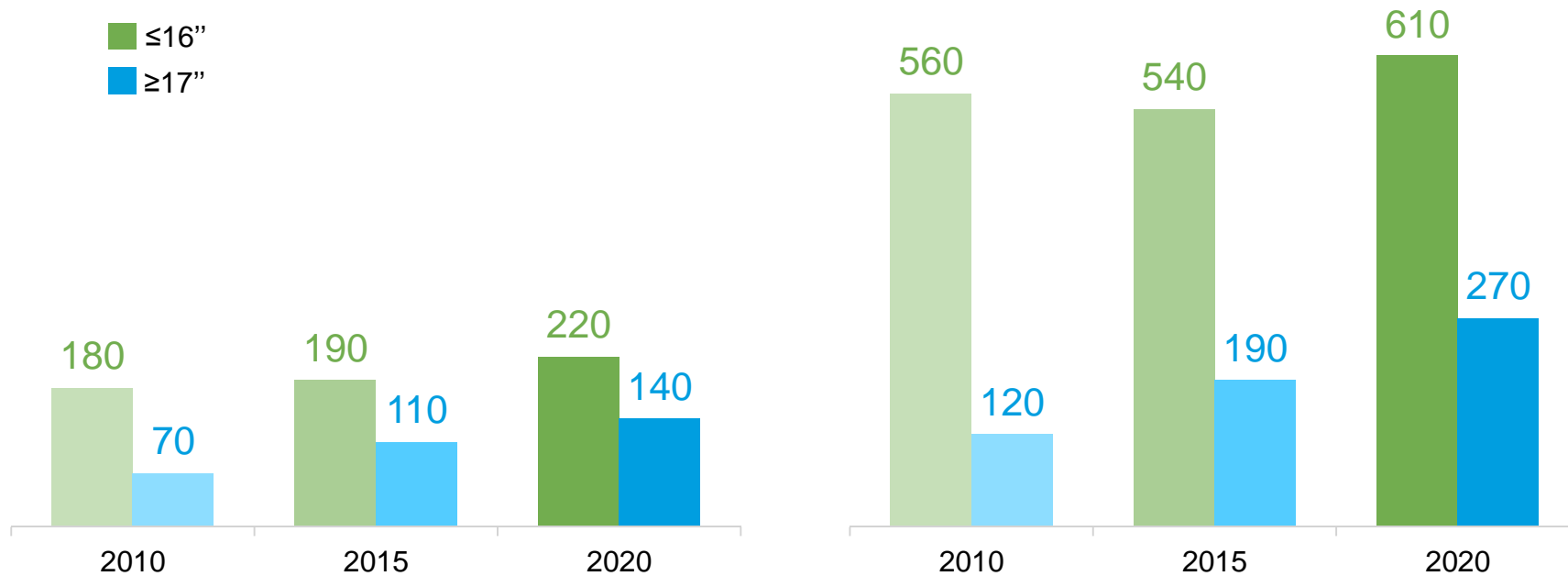


**Original equipment markets\***  
(in millions of tires)

**Replacement markets\***  
(in millions of tires)



■ ≤16"  
■ ≥17"

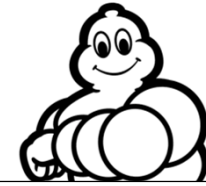


► The 17" and larger market is expected to almost double in 10 years

\*Europe, North America, China, South America



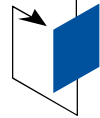
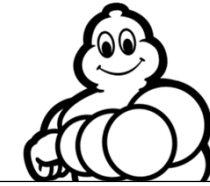
# Capital expenditure in line with the 2013-2014 timetable to capture growth



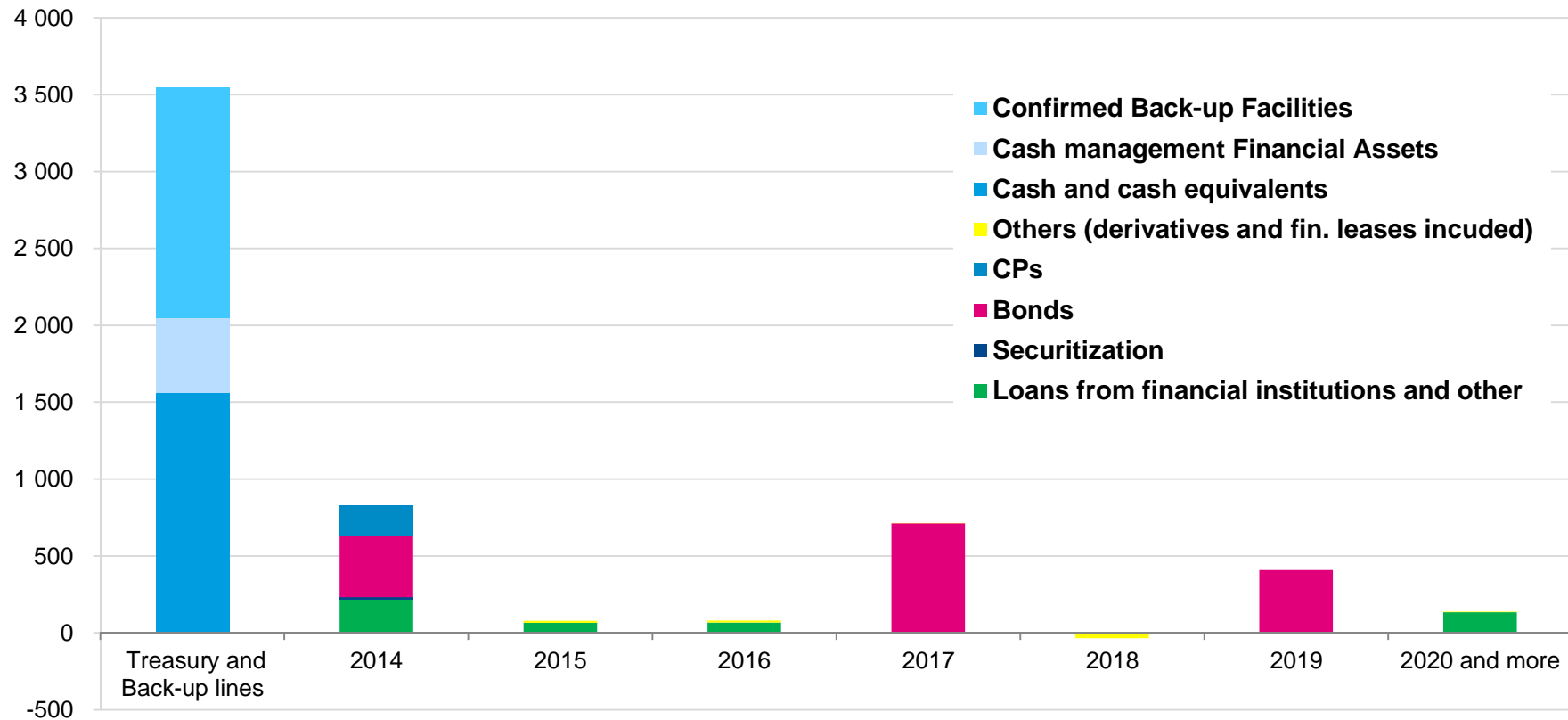
- ▶ **Brazil** (*Premium MICHELIN brand Car and Light truck tires*)
  - Production ramp-up from **17KT** at end-2013 to **30KT** end-2014
- ▶ **India** (*MICHELIN radial Truck tires*)
  - **First tire** in July 2013, production ramp-up to **12KT** in 2014
- ▶ **China** (*Premium MICHELIN brand Car and Light truck tires and MICHELIN radial Truck tires*)
  - Production ramp-up from **25KT** at end-2013 to **57KT** at end-2014
- ▶ **USA** (*giant mining tires*)
  - **First tire** in late 2013



# An exceptional cash position

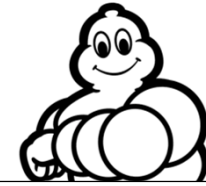


## Debt maturities at December 2013 (Nominal value, in € millions)

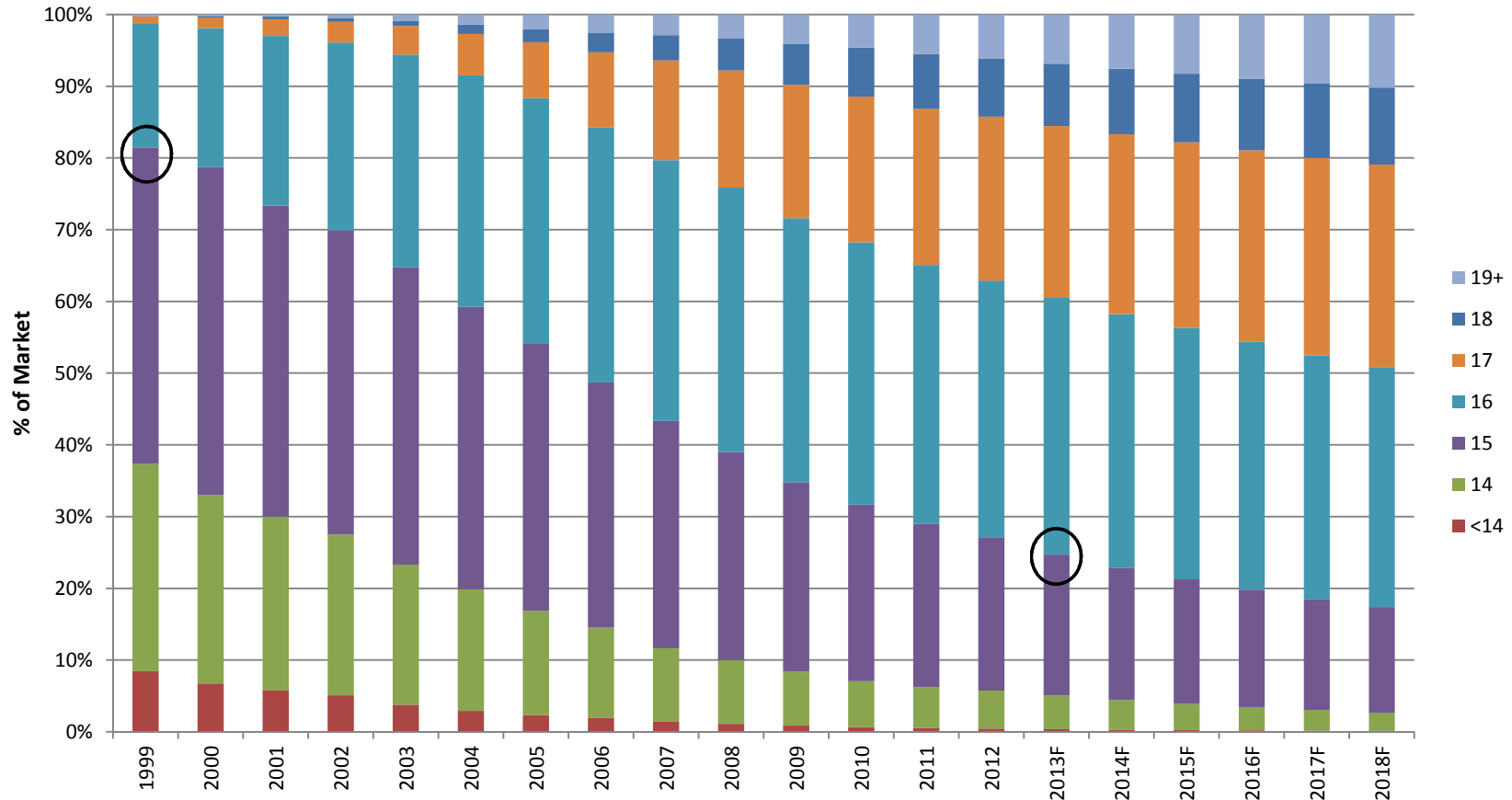


# U.S. Market:

The average rim size in the U.S. has grown significantly since 1999



### U.S. Replacement Tire Market by Rim Size

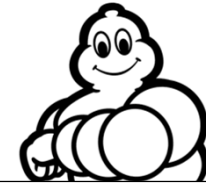


Sources: MICHELIN

**In 1999, 82% was  $\leq 15'$  down to 25% in 2013**



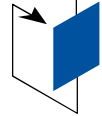
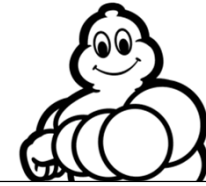
# Disclaimer



*"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documentation published in France by Autorité des marchés financiers available from the [www.michelin.com](http://www.michelin.com) website.*

*This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or induced by these statements."*

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