

# INVESTOR DAY

OCTOBER 2, 2013  
Lexington, South Carolina

PC&LT TIRE MANUFACTURING  
IN NORTH AMERICA

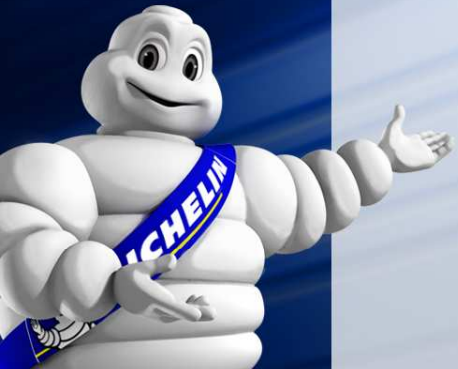
**TRISH BAILEY**

VP Manufacturing, PC&LT | Michelin North America



# PASSENGER CAR & LIGHT TRUCK TIRE MANUFACTURING OUTLINE

- 1 DEPLOYMENT OF MICHELIN GROUP'S INDUSTRIAL STRATEGY
- 2 SUPPORTING GLOBAL GROWTH IN NORTH AMERICA
- 3 MICHELIN MANUFACTURING WAY
- 4 MAINTAINING A STRONG WORKFORCE



# DEPLOYMENT OF MICHELIN GROUP'S INDUSTRIAL STRATEGY





# DEPLOYING MICHELIN GROUP'S STRATEGY

Michelin North America continues to successfully manufacture in the markets we serve by constantly strengthening our quality and innovation advantages and by improving our productivity.

We will accelerate progress by deploying Group Michelin's manufacturing strategies and global standard production systems – the Michelin Manufacturing Way – and harnessing the strong work ethic of our labor force.



# SUPPORTING GLOBAL GROWTH IN NORTH AMERICA



# PC&LT FOOTPRINT IN NORTH AMERICA



10

PC&LT Manufacturing Sites

7

U.S. Sites

2

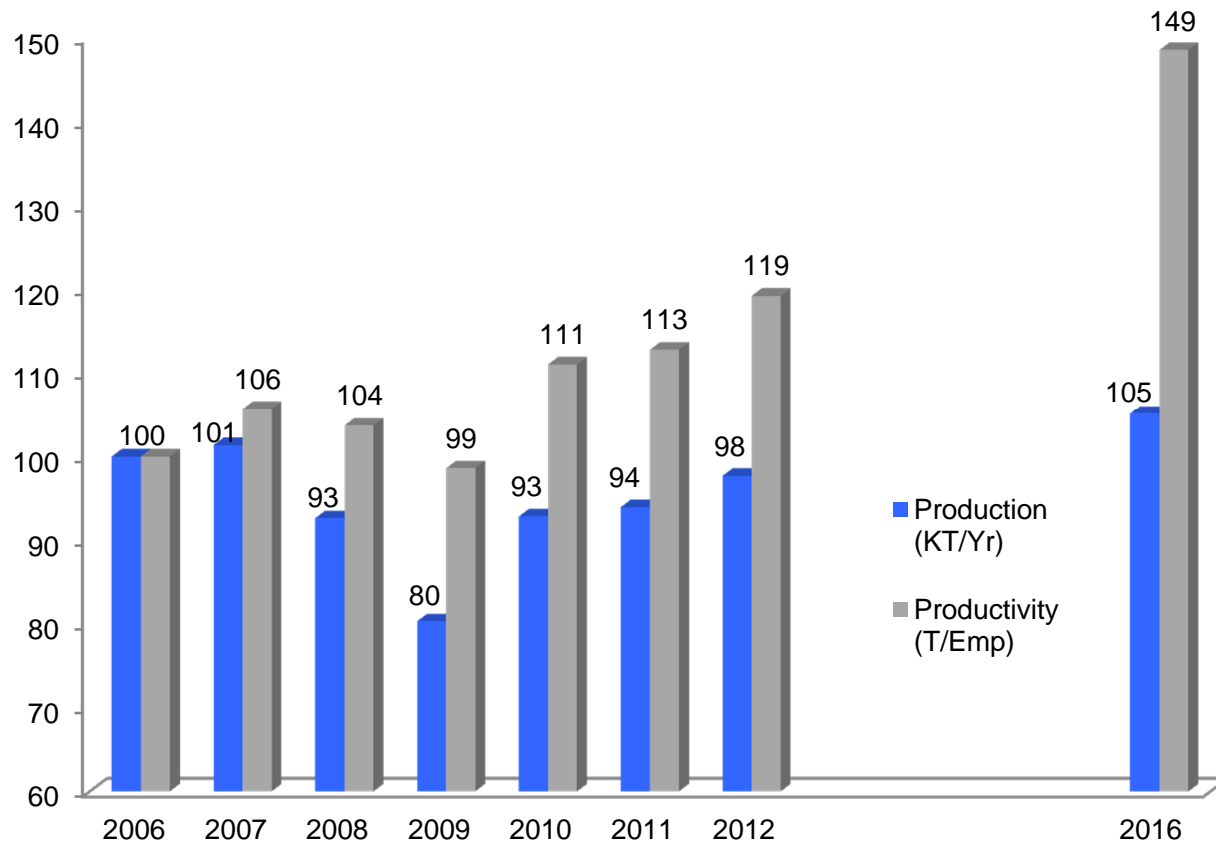
Canada Sites

1

Mexico Site



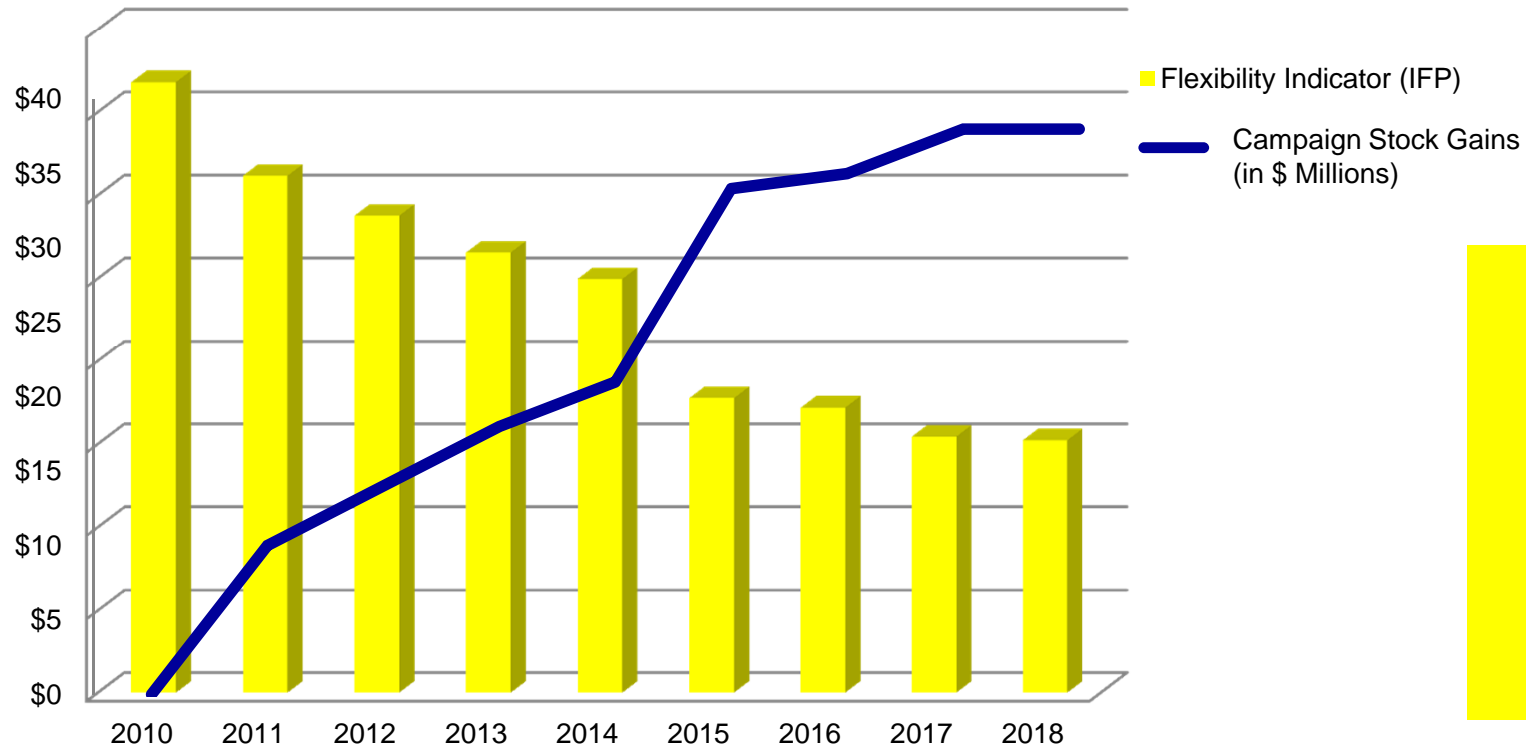
# GLOBAL GROWTH IN NORTH AMERICA



- Between 2006 and 2012 productivity has increased by 19%.
- Capacity growth is achieved through the improved utilization of existing assets.
- Development of existing large sites results in 72% of our production in sites with greater than 135 KT capacity by 2016.
- Over 100 Michelin trained Industrial Engineers in our plants.

# GLOBAL GROWTH IN NORTH AMERICA

Flexibility Indicator (IFP)



## Flexibility: Doubling the Portfolio Rotation

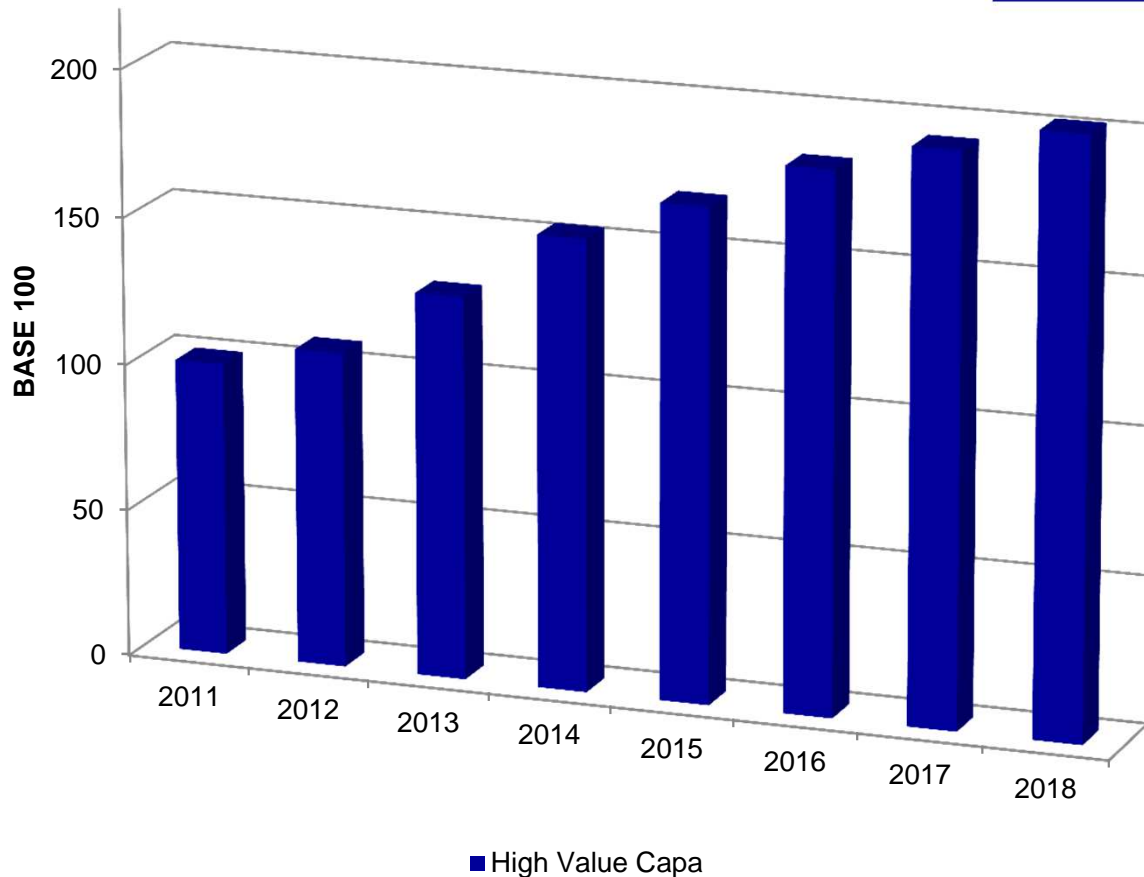
- Improved flexibility will result in a \$38M reduction in inventory working capital
- Product standardization and more flexible production tire assembly processes





# GLOBAL GROWTH IN NORTH AMERICA

High Value Capa



## Doubling Capacities for High Value Tires

Investment priorities are focused to double capacity of large (18" +) low rolling resistance tires to provide growth in these high value tire segments in advance of market demands

**\$100M – investment per year to support new product technologies**



# A NEW TOOL ADDING TO MANUFACTURING RESPONSIVENESS





# ONE GROUP, ONE MANUFACTURING TEAM

## Rapid Deployment of New Standard Processes

- The leadership strength of our Group Manufacturing organization has led to fast deployment of the new assembly process to developing zones.

## North America Supports Growth in Emerging Zones

- We have trained more than 115 employees from South America and Asia on the first assembly process at our Bridgewater factory in Nova Scotia, Canada.
- All North American manufacturing sites provide training for new technicians and senior managers.
- More than 100 expats have assisted with ramp-ups.



# MICHELIN MANUFACTURING WAY



# MICHELIN MANUFACTURING WAY (MMW)



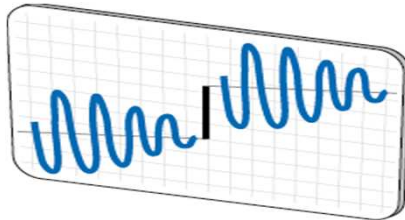
**M**ethods and tools  
**C**ompetencies (skills)  
**C**ulture and commitment  
**C**ontrols and audits

- MMW provides a structured approach to shop floor standards and progress.
- One formula for operational excellence (S, M, Q, D, C, P).

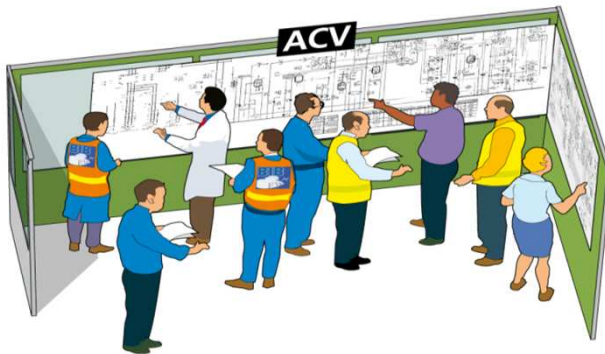


# MMW

## MMW & Empowered Work Teams



BIB tools use a structured method and multi-disciplinary team to achieve continuous progress



Operators **self-select** to receive advanced **skill training** (30hrs/yr)



# MAINTAINING A STRONG WORKFORCE



# MAINTAINING A STRONG WORKFORCE

## South Carolina is a strong manufacturing ally

- The state creates an educational environment that encourages the development of technical manufacturing skills.
- It helps to create a committed and competent workforce.

## Michelin Technical Scholars' Program

- This is Michelin North America's partnership with South Carolina technical schools.
- The program currently employs 50 young people with critical electronic skills.
- This successful program will triple the Technical Scholars in the next three years.





## KEY TAKEAWAYS

Michelin North America manufactures successfully by constantly improving our quality and efficiency and by upgrading processes to support product innovation

Alignment with the Group's manufacturing strategy and its global standard production system is a strength that accelerates our progress

The professionalism and dedication of our teams and our uncompromising quality culture sets Michelin apart

