

**UBS**  
**Frankfurt Auto Show**  
**Investor Conference**

**September 14, 2011**



# Outline

- *Medium-Term Market Outlook is Confirmed*
- *Investment Geared towards Growth Opportunities*



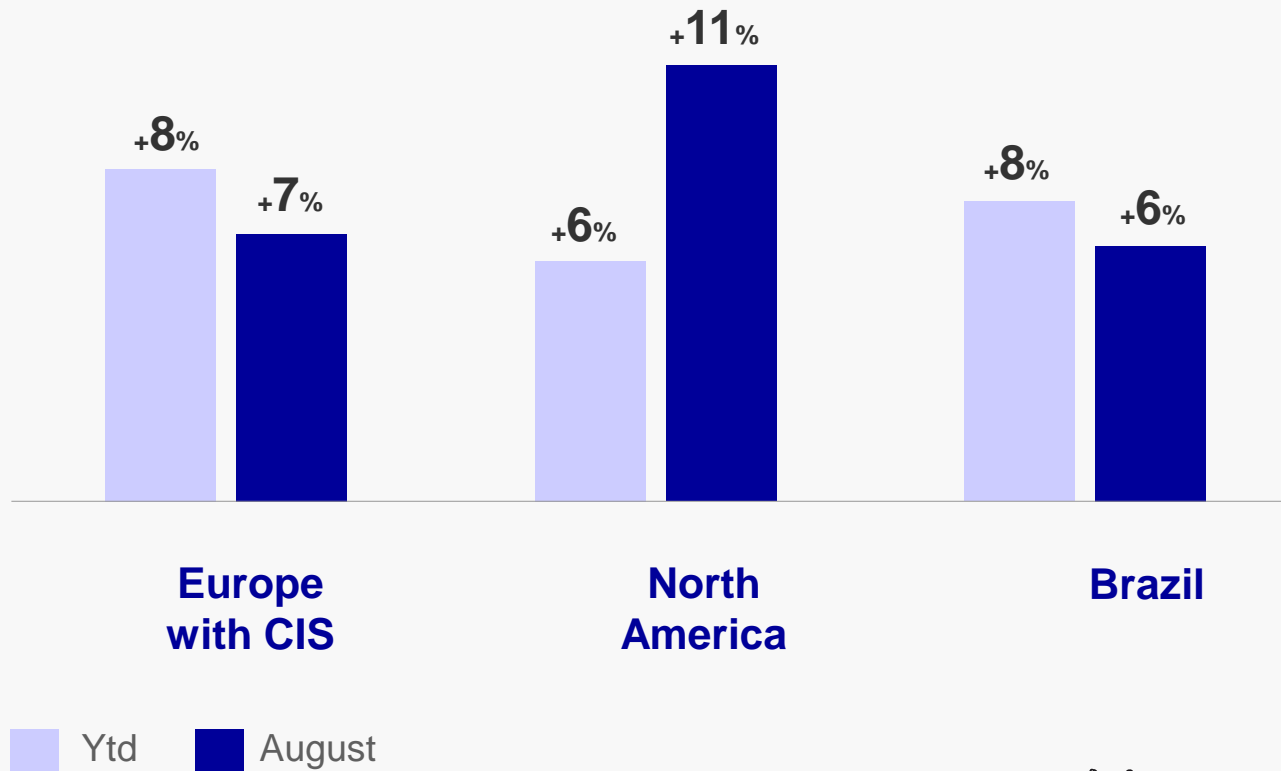
# *Medium-Term Market Outlook is Confirmed*





# Passenger Car OE Markets: August ytd Still on a Positive Trend

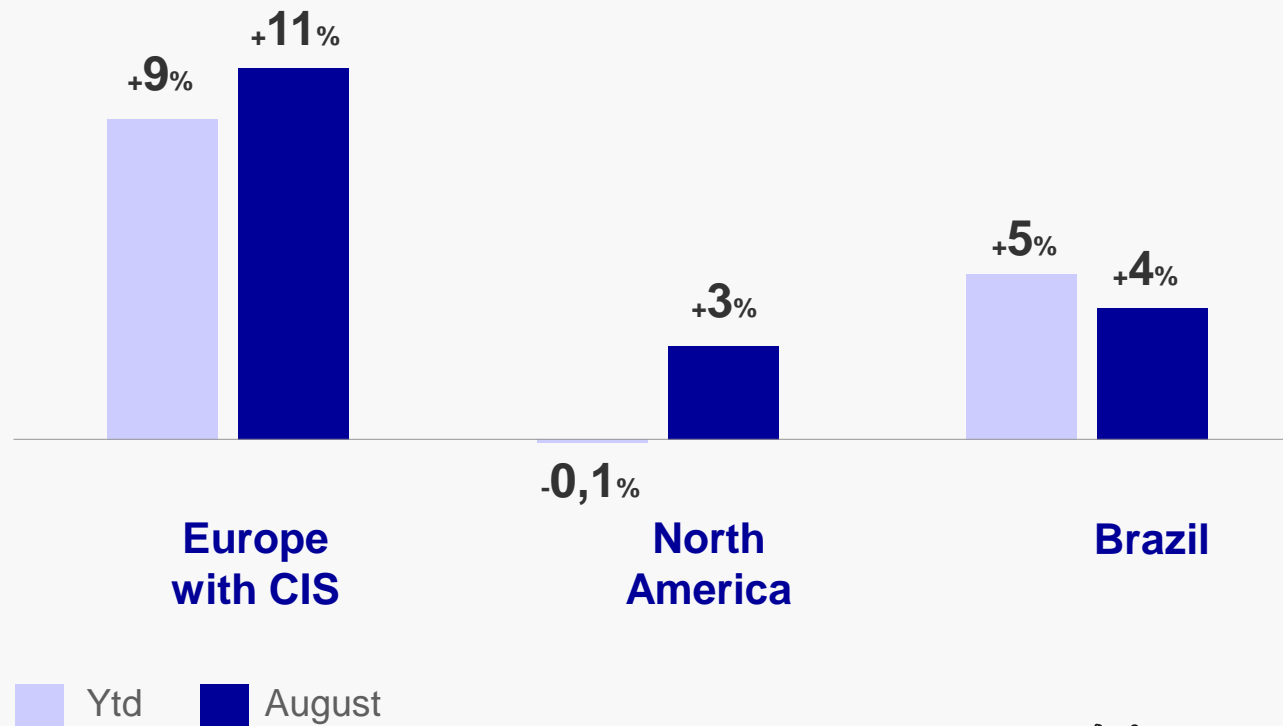
*OE Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





# Passenger Car Replacement Markets: Still Showing Some Momentum in August

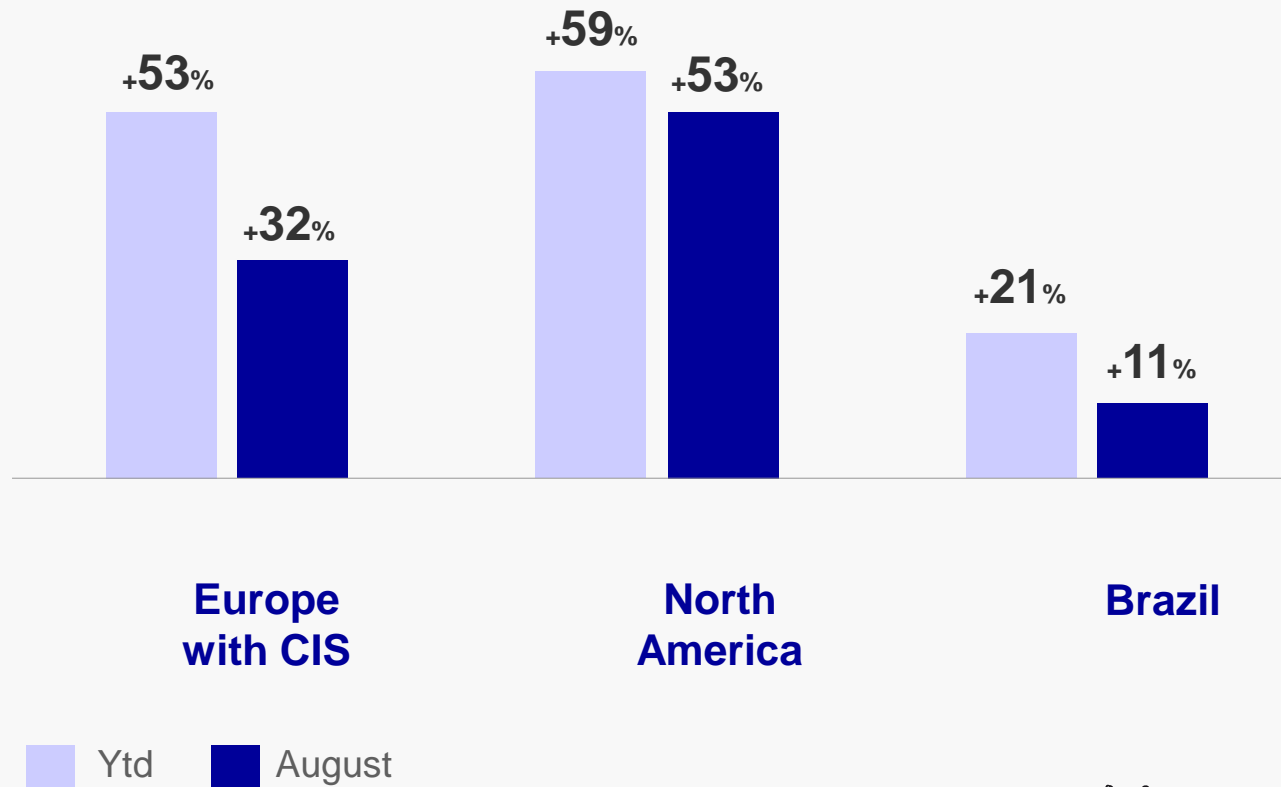
*RT Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





# Truck OE Markets: Mature Markets still in a Recovery Mood

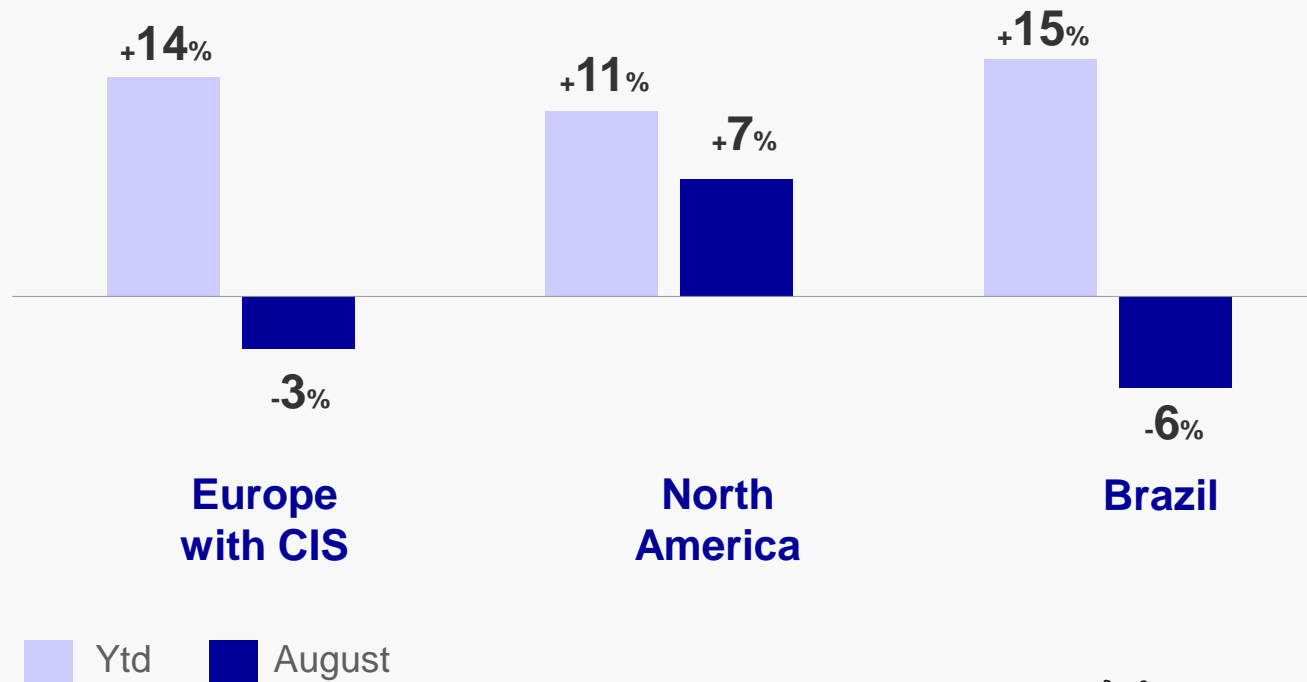
*OE Truck Tire markets as at August 31- 2011 vs. 2010*





# Truck Replacement Markets: Fluctuating amidst Economic Uncertainties

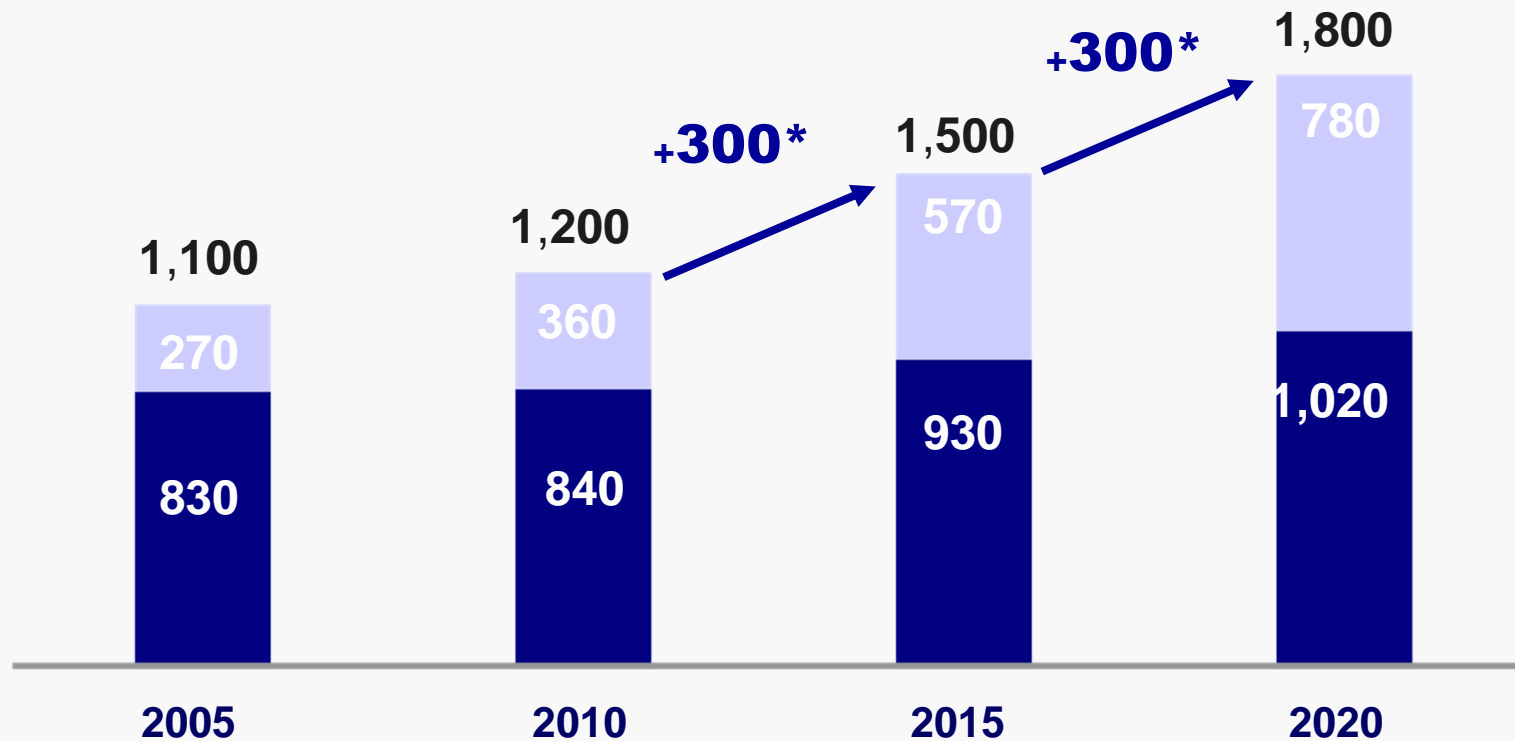
*RT Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





# Confirmed Growth Outlook

*Passenger Car and Light Truck Tire Markets (in millions of tires)*



*\* Of which 70% in new markets*

■ Mature markets   ■ New markets

*Michelin estimates*

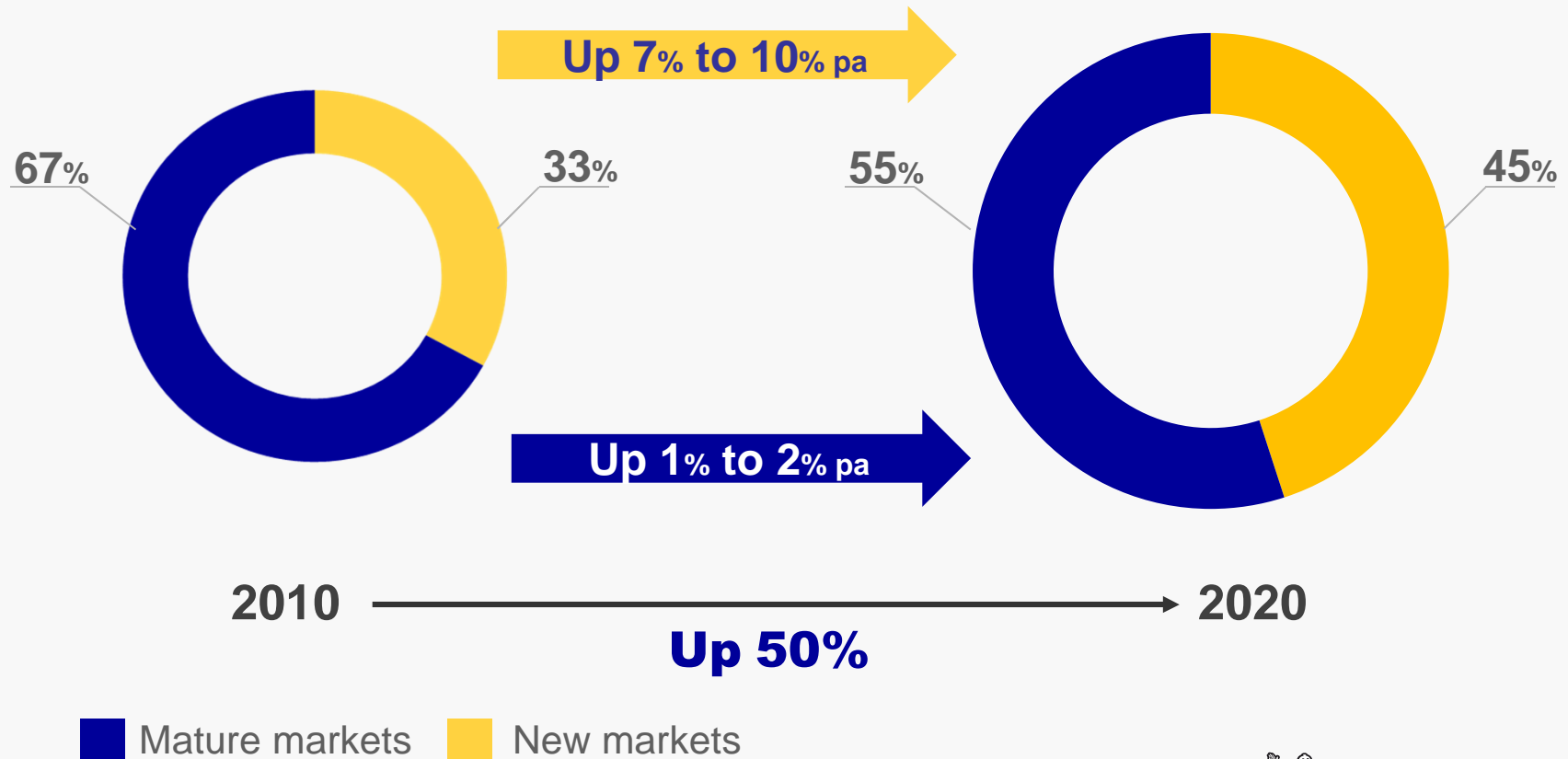






# Increasing New Market Contribution to Passenger Car Tire Market Growth

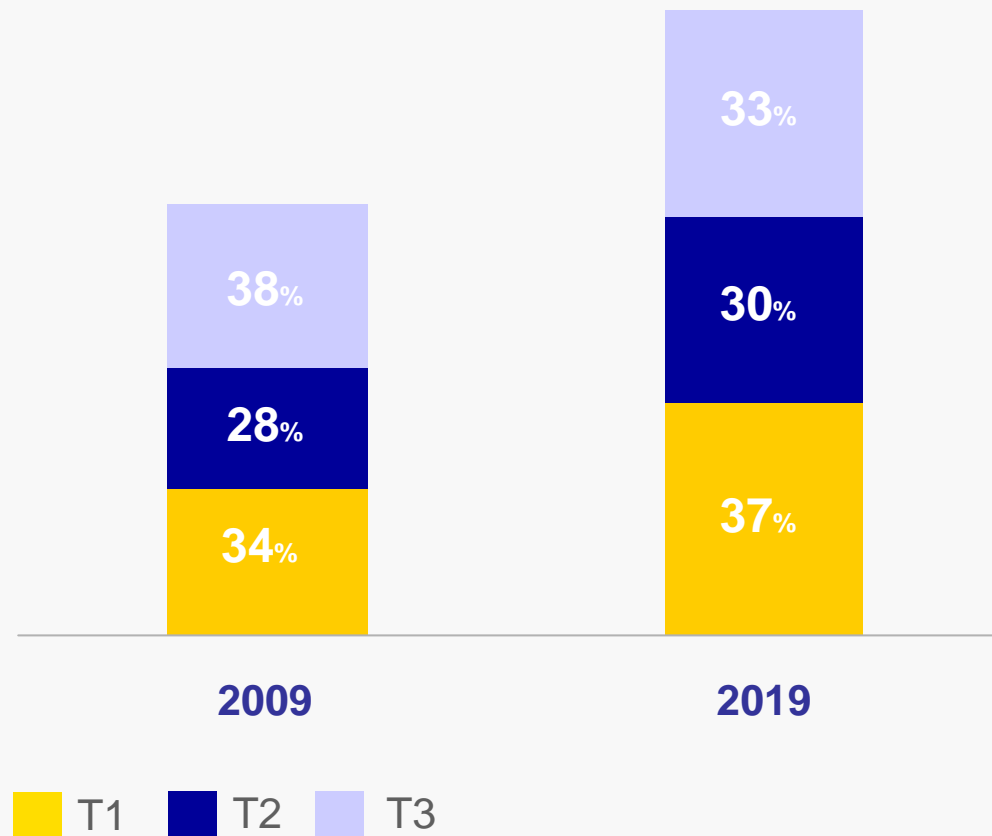
2010 – 2020 Passenger Car Tire Market Growth





# All Segments to Grow Significantly

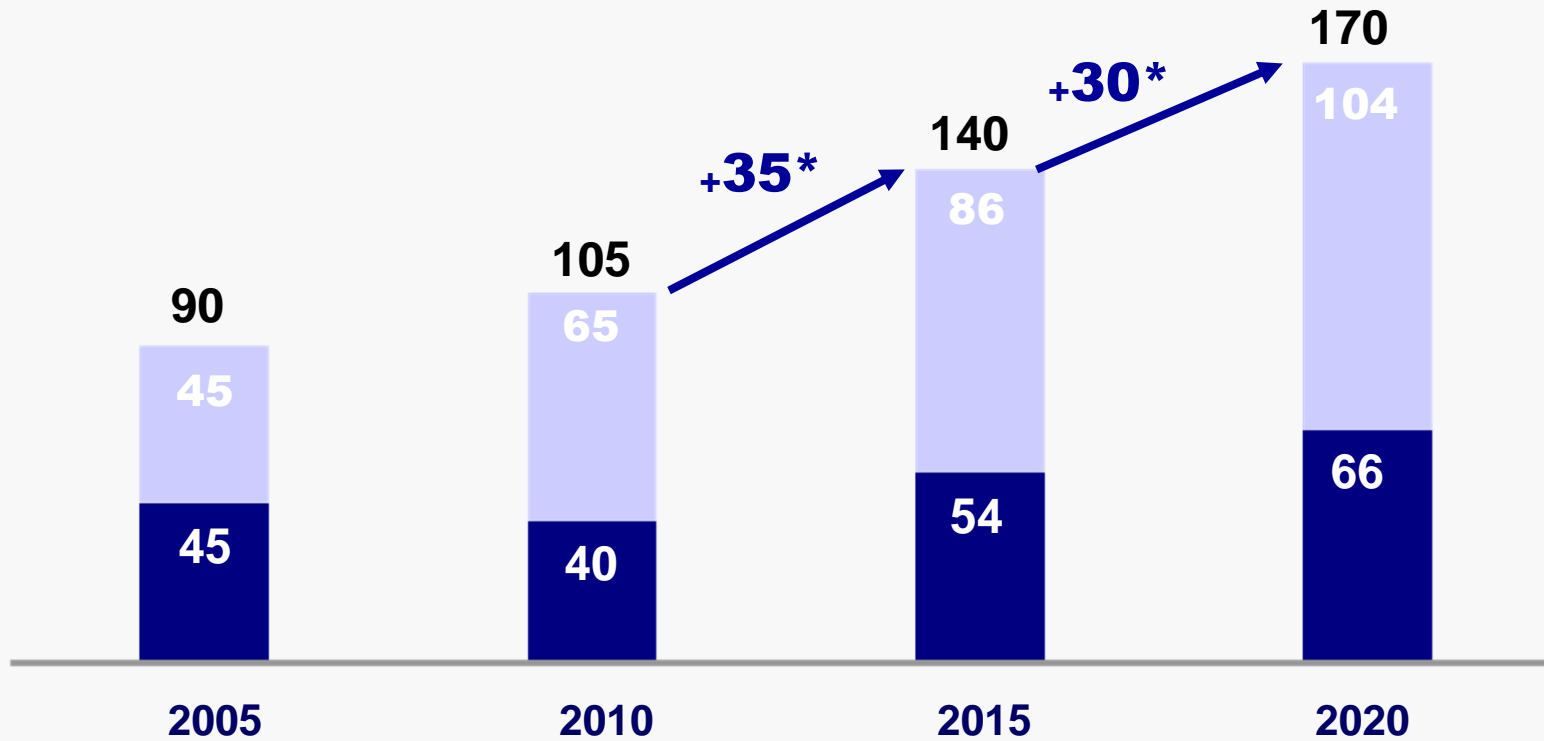
## Passenger Car Replacement Market Outlook by Segment 2009 - 2019





# Confirmed Growth Outlook

Radial Truck Tire Markets (in millions of tires)



*\* Of which 60% in new markets*

■ Mature markets   ■ New markets

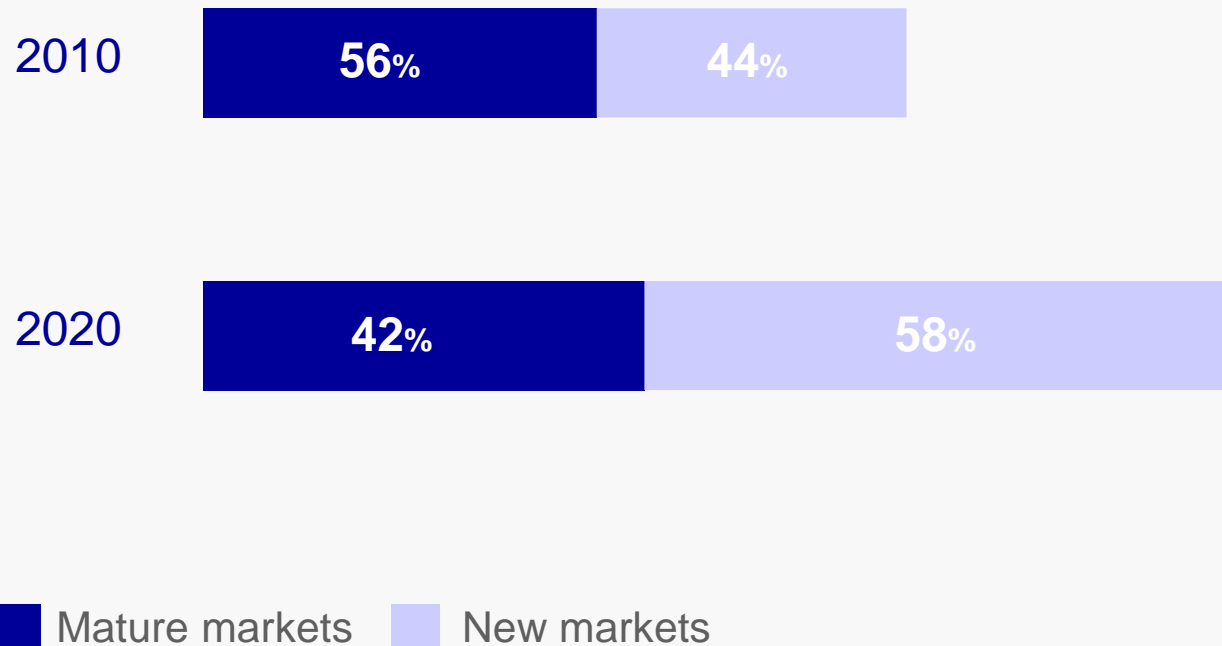
Michelin estimates





# In the longer term, growth will be robust and differentiated

## World tire Market Growth (Passenger Car and Radial Truck)

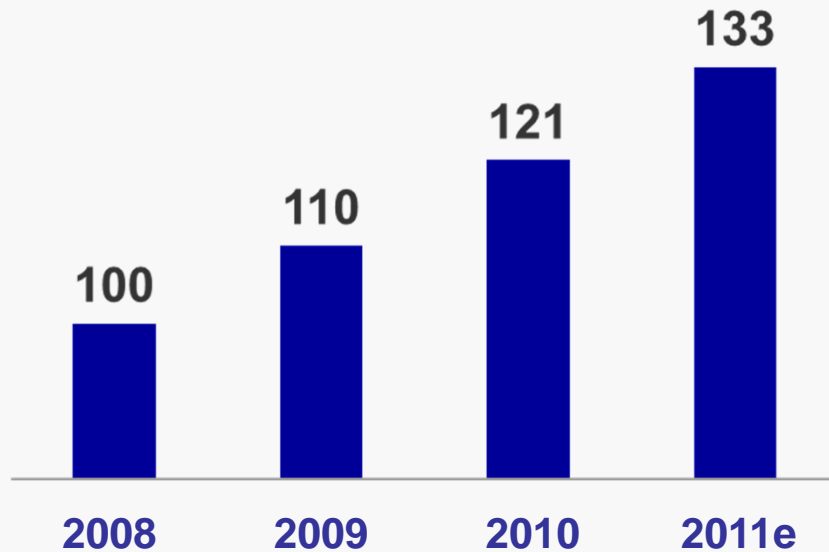




# Mining Tires: Structurally Trending Upwards

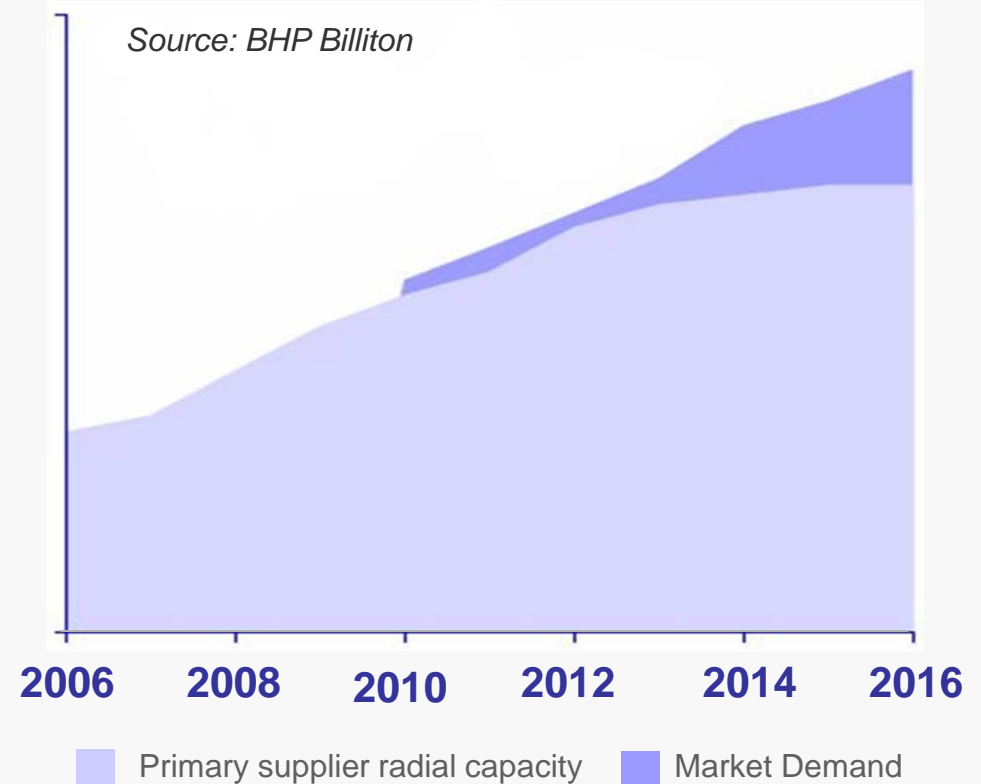
*Mining tire market  
(base 100 = 2008)*

Source: Michelin



*Large mining tyres  
(market supply and demand)*

Source: BHP Billiton



# *Investment Geared towards Growth Opportunities*





## Group Volume Target Confirmed

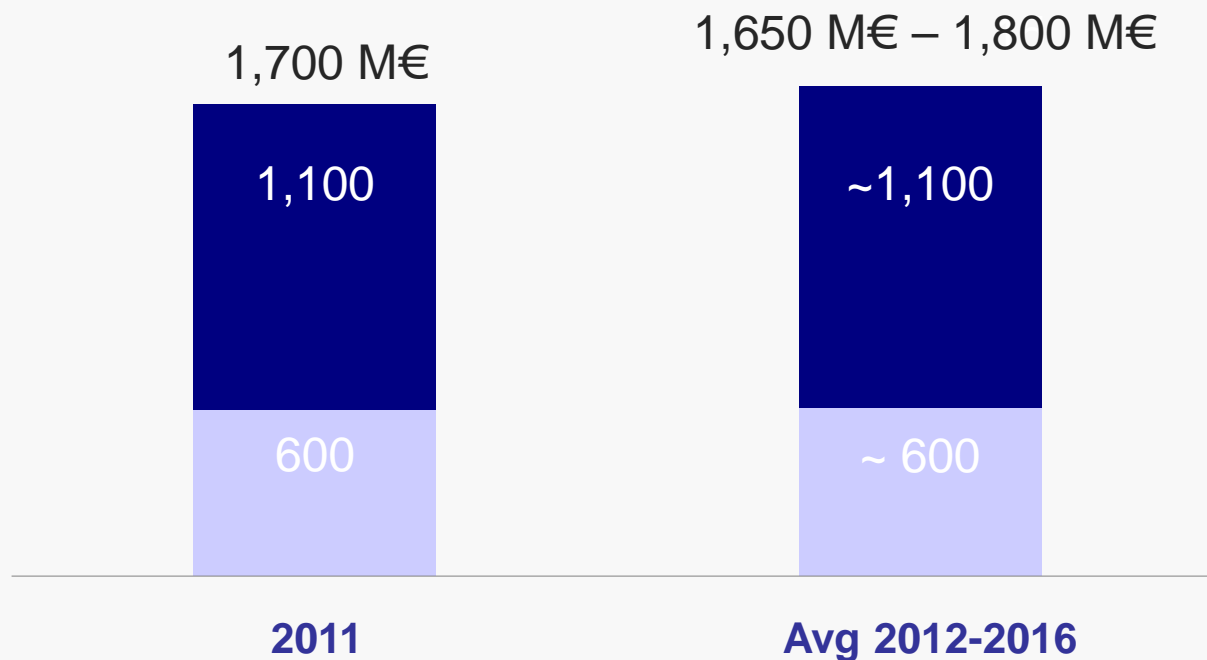
	2015	2020
Group	25%	50%
Mature markets	15%	25%
New markets	50%	100%





# Over €5bn Capital Expense in Capacity Expansion by 2015

*Annual Investments, in € million*



■ Capacity    ■ Routine Capex (Maintenance, Molds, IT, R&D, Logistics, Distribution)

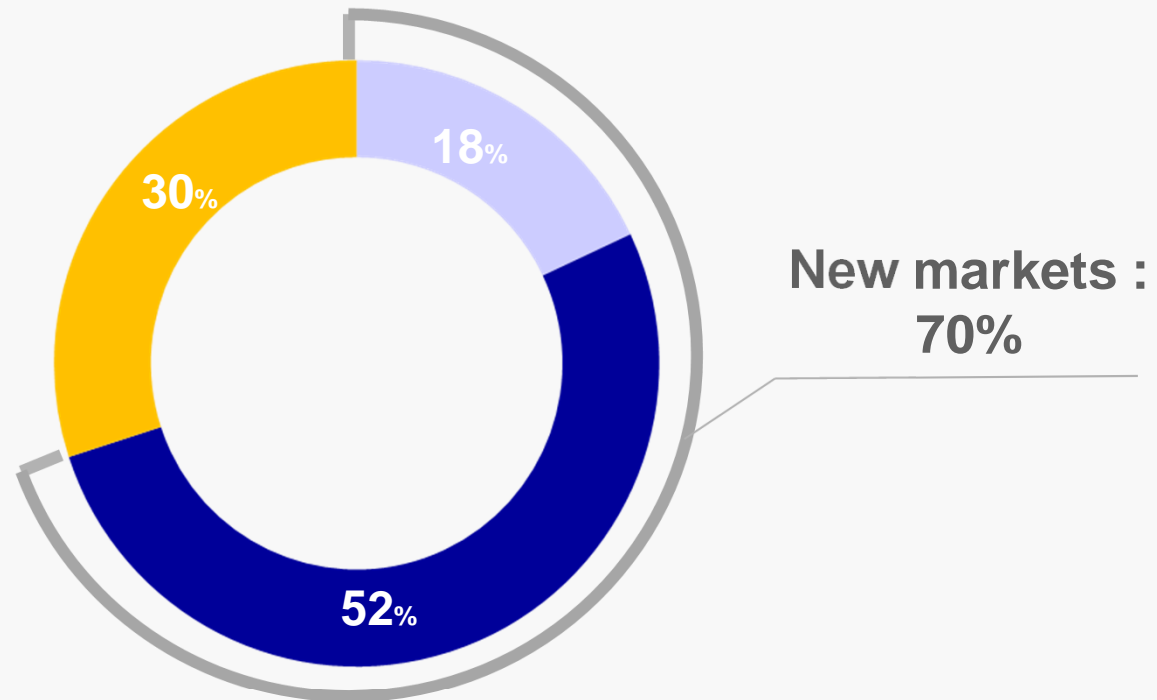






# Capacity Expansion Aligned With Potential Market Growth

2011-2015 Investment by Type and Region



■ Mature Market Brownfields   ■ New Market Greenfield   ■ New Market Brownfields





# Competitive Capex Costs China – Shenyang 2 plant

- ▶ **Capacity increase and transfer of Shenyang 1 operations**
- ▶ **Capex 2011-2015: \$1,350 million**
- ▶ **Truck tires**
  - 1.8 million tires and 295,000 retreads per year
  - First tire due in mid-2012
- ▶ **Car and Light Truck tires**
  - 10 million tires per year
  - First tire in 2013





# Investment Projects Moving Forward as Scheduled



**China**





## **Competitive Capex Costs India – Chennai Plant**

- ▶ **Greenfield plant located in Tamil Nadu**
  - Memorandum of Understanding signed in November 2009
  
- ▶ **Capex 2011 - 2015: \$1,200 million**
  
- ▶ **Truck and Earthmover tires**
  - 1.2 million tires per year
  - First tire due in early 2013
  
- ▶ **A second phase is expected**







# Investment Projects Moving Forward as Scheduled



**India**





## **Competitive Capex Costs Brazil – Itataia Plant**

- ▶ **Greenfield plant located in Rio de Janeiro state**
- ▶ **Capex 2011 - 2015: \$360 million**
- ▶ **Passenger car tires**
  - Phase 1: 5 million tires per year
  - Phase 2 (after 2015): 10 million tires per year
  - First tire due in H1 2012





# Investment Projects Moving Forward as Scheduled



**Brazil**





## **New Market Brownfield Projects: Capacity Expansion**

- ▶ **Laem Chabang (Thailand):**
  - Passenger car tire capacity expansion
  - +1,500,000 tires per year
  
- ▶ **Campo Grande (Brazil):**
  - Truck & Earthmover tire capacity expansion
  - + 650,000 tires per year







# Mature Market Brownfield Projects: Capacity, Productivity and Technology

- ▶ **Projects to add marginal capacity and boost productivity in plants located in mature market**
  
- ▶ **Investment in technological tires**
  
- ▶ **Examples:**
  - **Lexington (United States): \$200m for Passenger Car and Light Truck tires**
  - **Lexington (United States): Mining tire capacity**
  - **Cuneo (Italy): new tire assembly equipments for technological tires**
  - **Cholet (France): new tire assembly equipments for technological tires**
  - **Homburg (Germany)**
  - **...**





# Strong Michelin Footprint in China





## **JV in China to Widen Offer for the Local Market**

- ▶ **Signing of a joint venture agreement in China with Double Coin and Huayi**
- ▶ **Warrior brand passenger car and light truck tires for the local market**
- ▶ **Double Coin Group (Anhui) Warrior Tires Co**
  - **Capital: CNY 1,667 million, owned 40% by Michelin and 60% by its Chinese partners.**
  - **Michelin Equity contribution: CNY 667 million (EUR 75 million)**
- ▶ **Plant location: Wuwei, Anhui province, around 400 kilometers west of Shanghai**
- ▶ **Total investment: CNY 3.5 billion (approximately €390 million)**
- ▶ **Capacity target: 15 million car and light truck tires**
- ▶ **Agreement subject to approval by the appropriate Chinese authorities**



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# Contacts

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