

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

**September 14, 2011**



# Outline

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



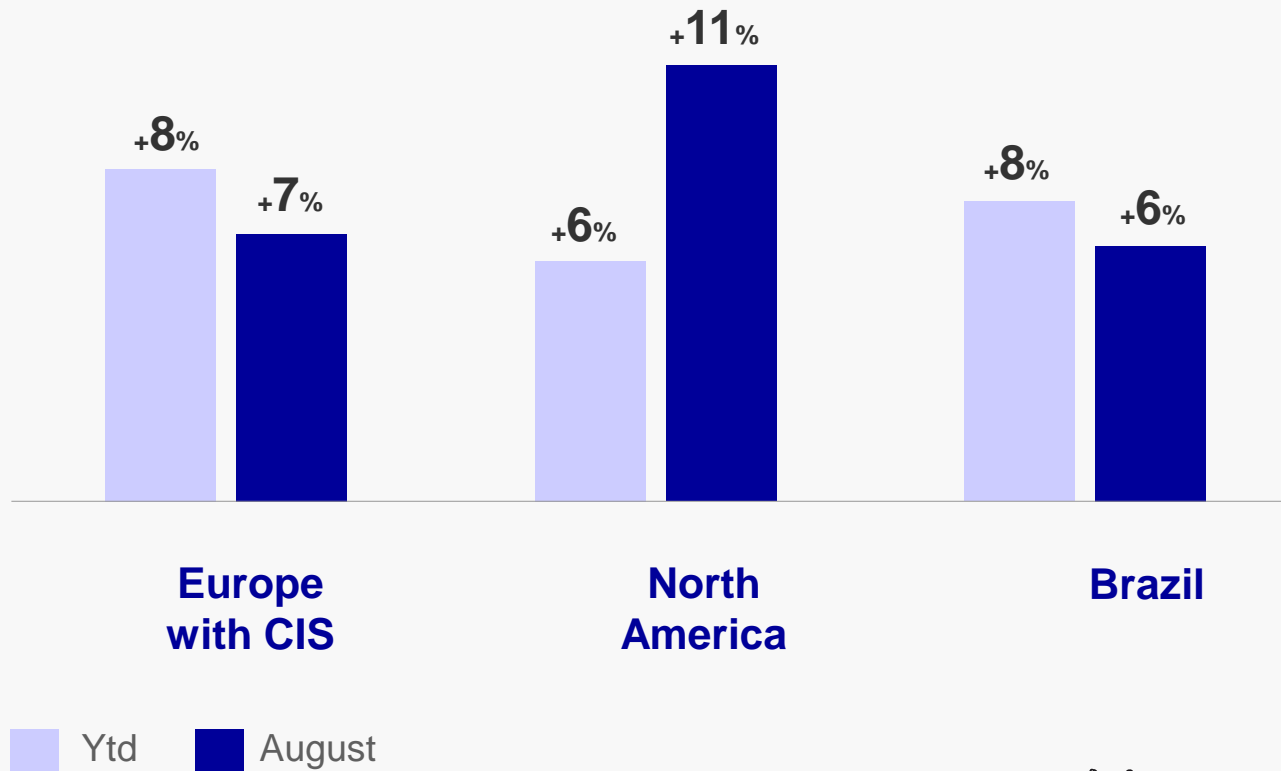
# *Medium-Term Market Outlook is Confirmed*





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

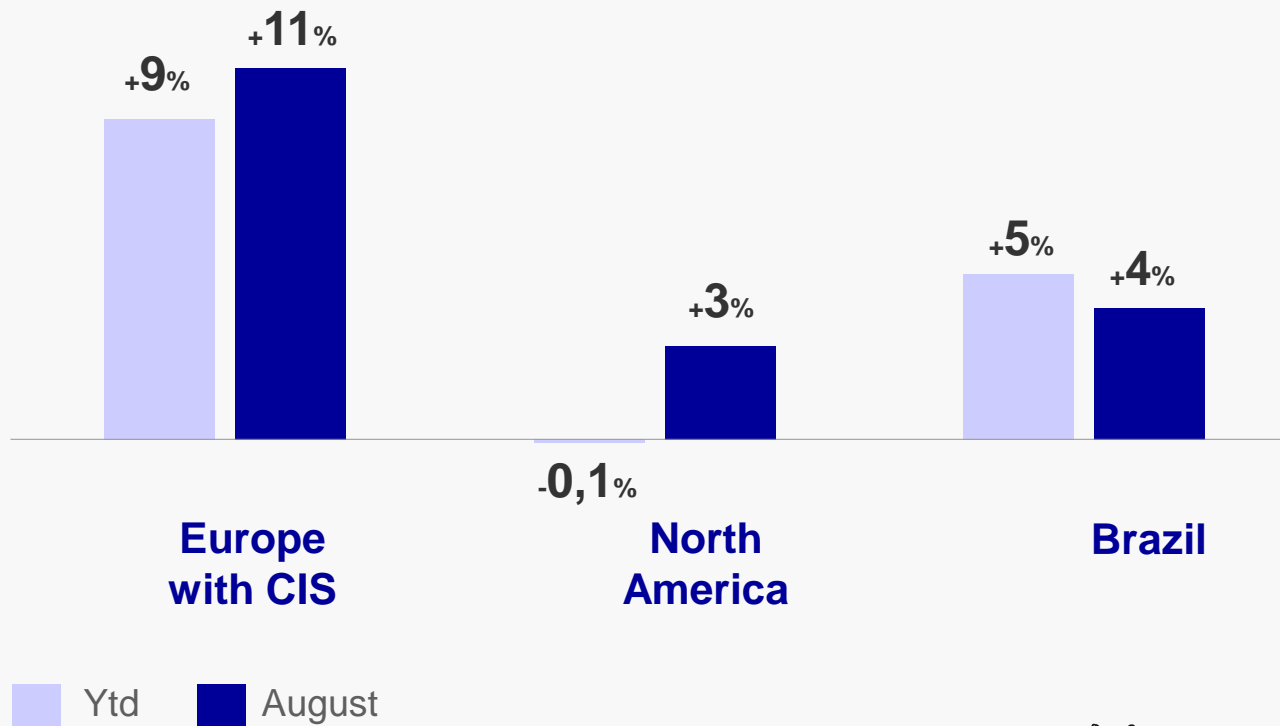
*OE Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





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

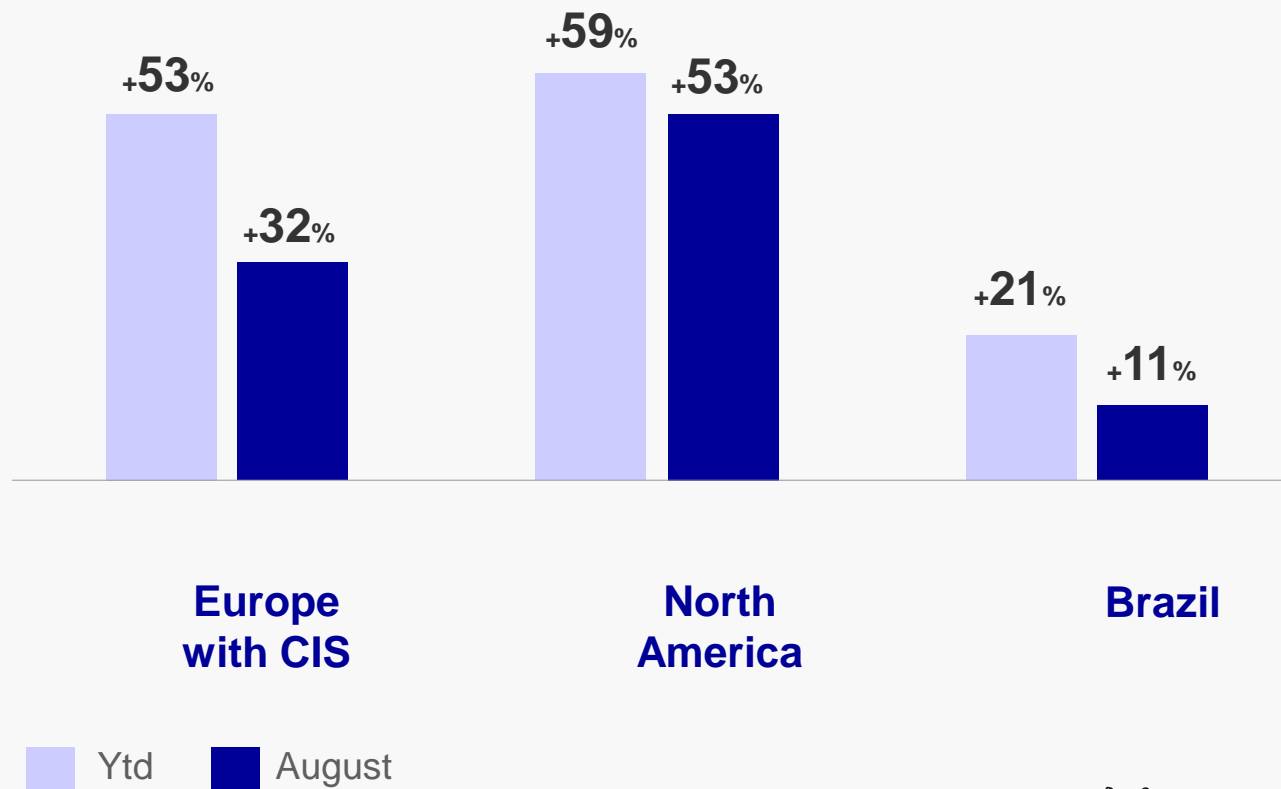
*RT Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





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

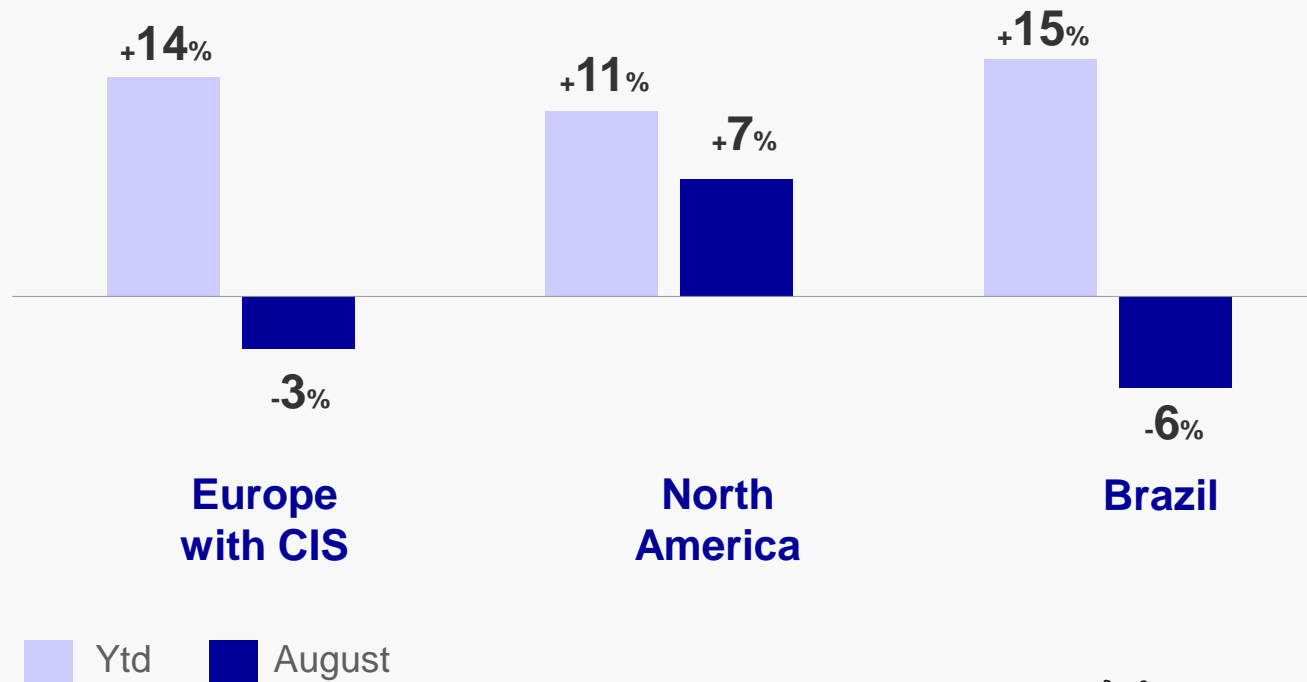
*OE Truck Tire markets as at August 31- 2011 vs. 2010*





# Truck Replacement Markets: Fluctuating amidst Economic Uncertainties

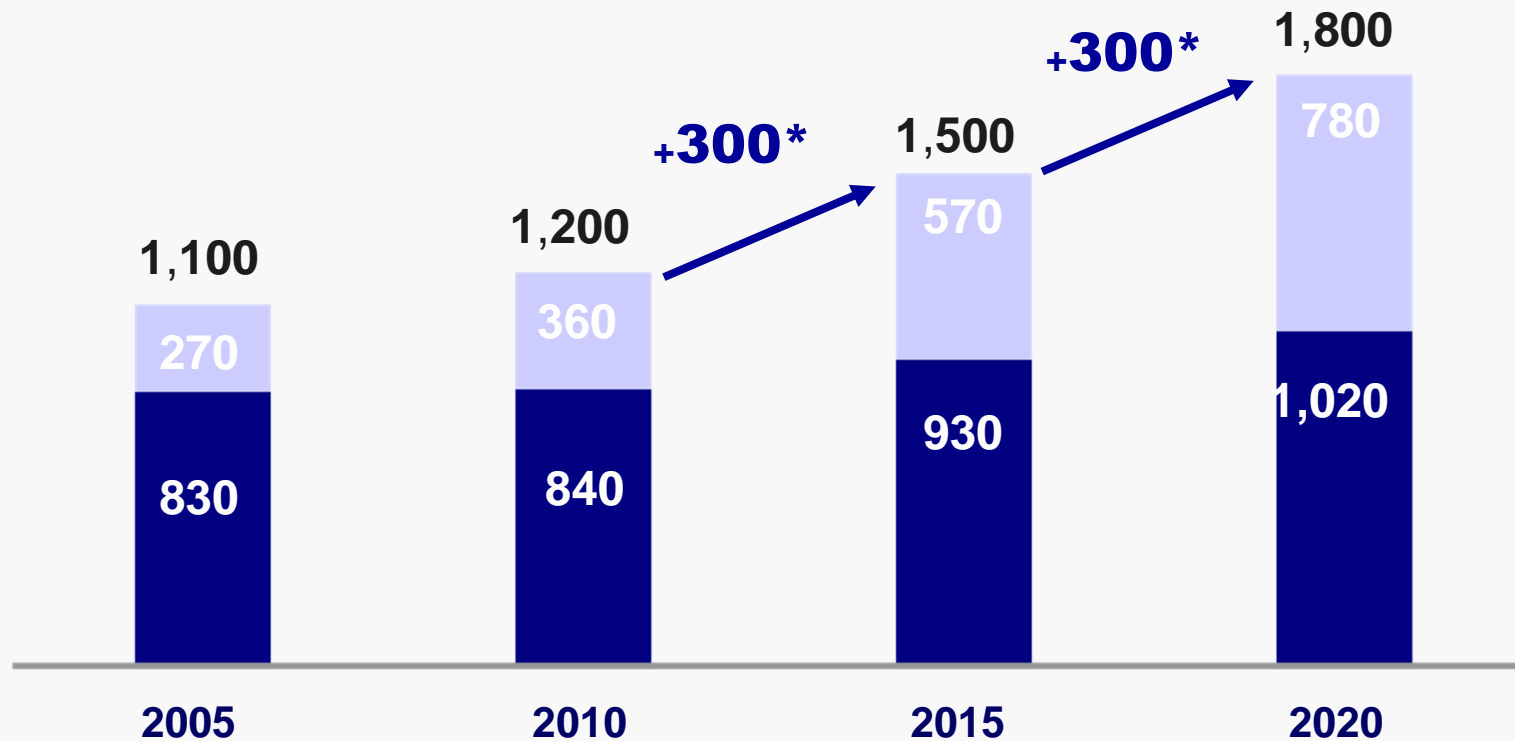
*RT Car and Light Truck Tire markets as at August 31- 2011 vs. 2010*





# 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*

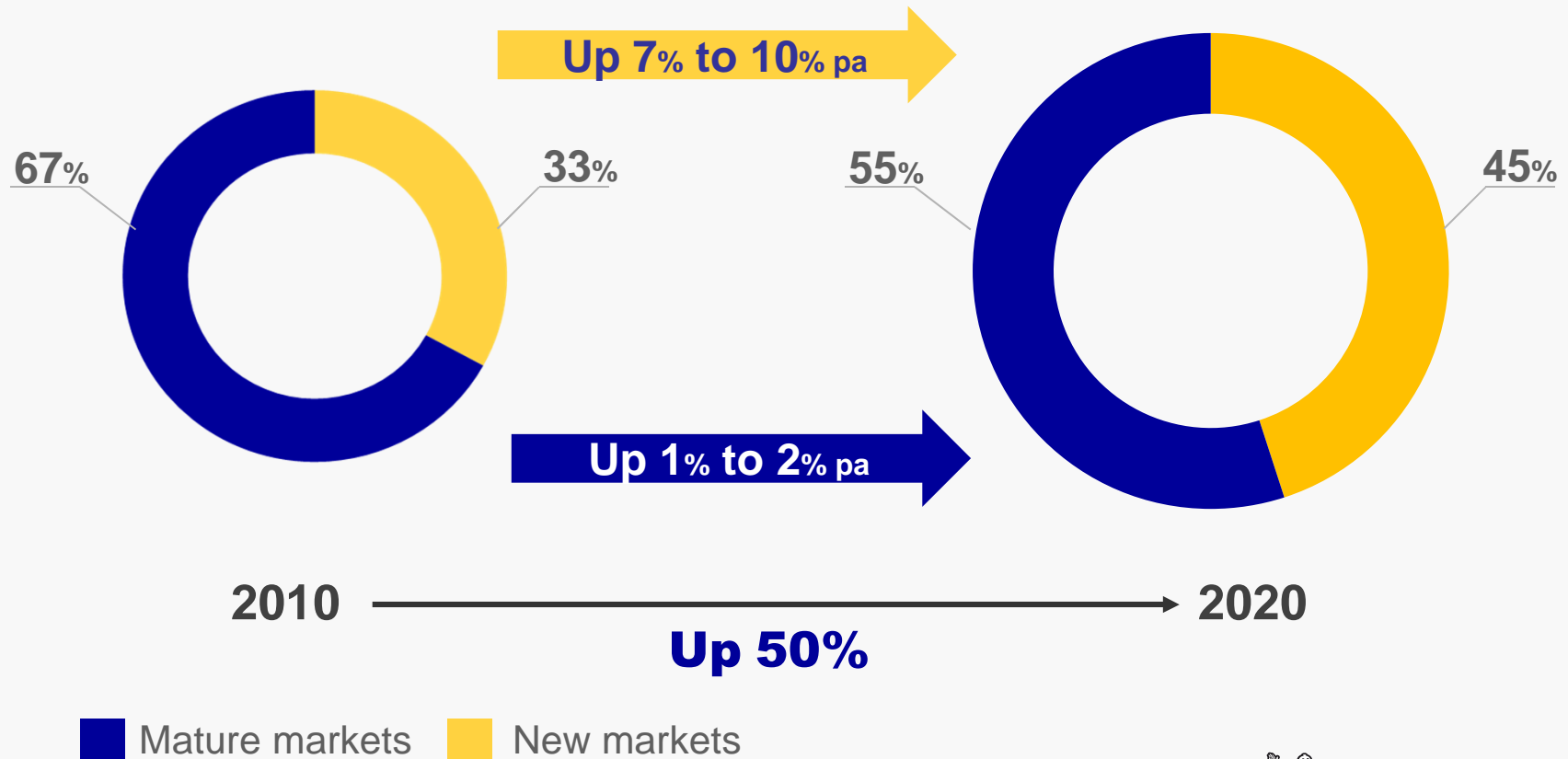






# Increasing New Market Contribution to Passenger Car Tire Market Growth

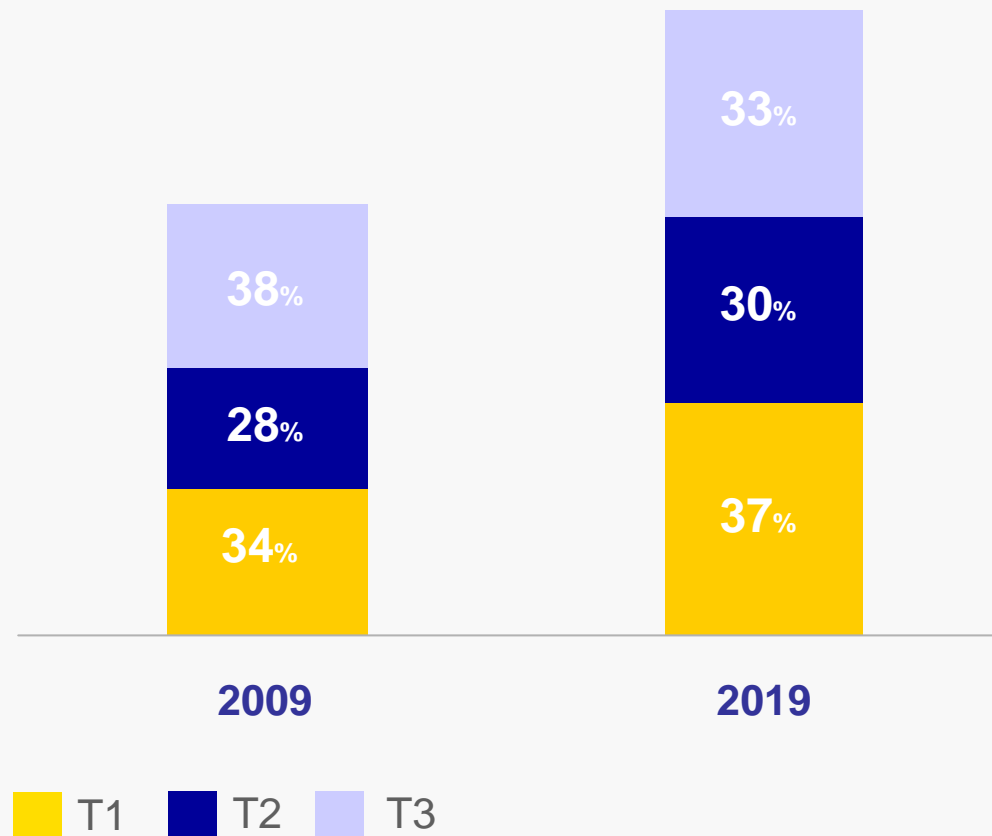
2010 – 2020 Passenger Car Tire Market Growth





# All Segments to Grow Significantly

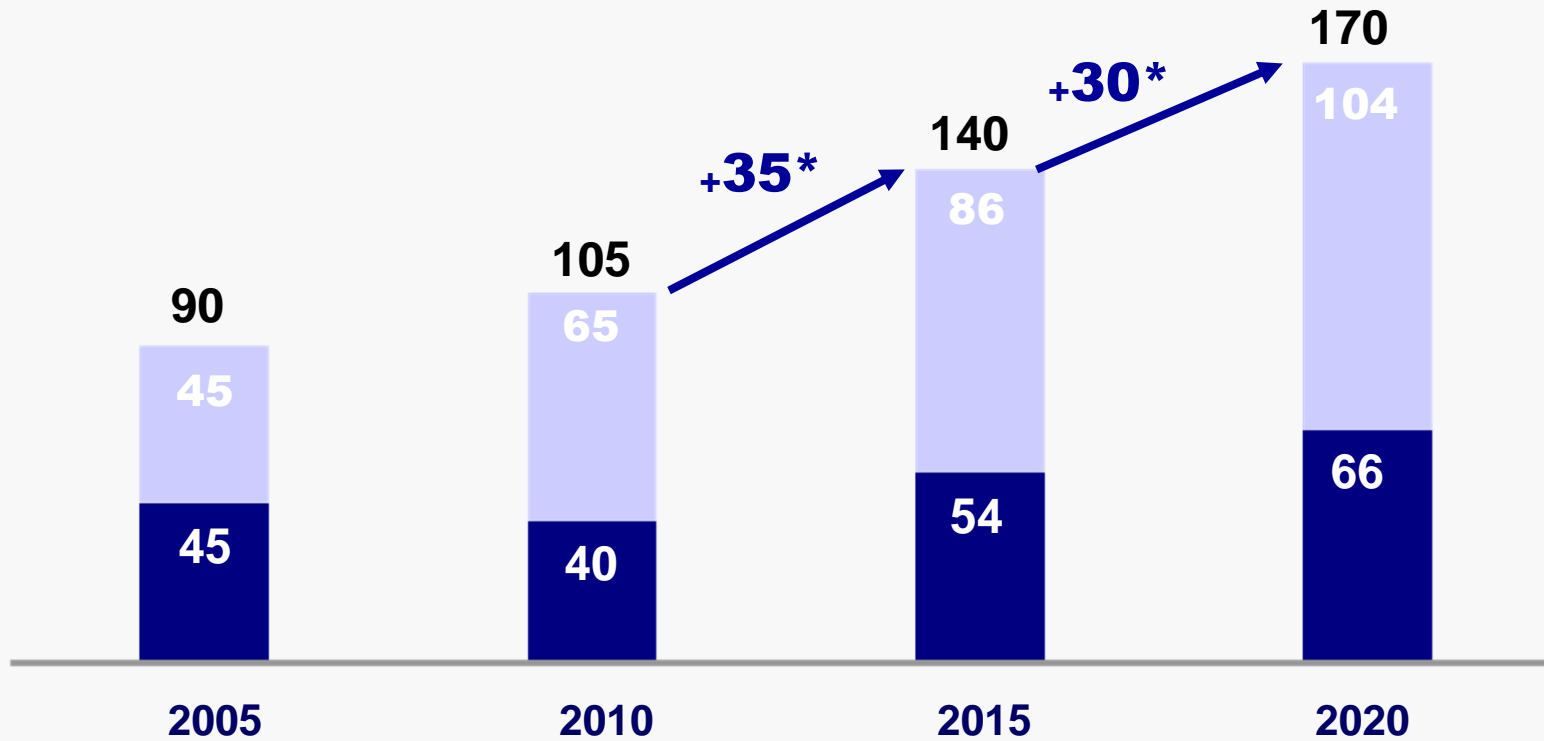
## Passenger Car Replacement Market Outlook by Segment 2009 - 2019





# Confirmed Growth Outlook

Radial Truck Tire Markets (in millions of tires)



*\* Of which 60% in new markets*

■ Mature markets   ■ New markets

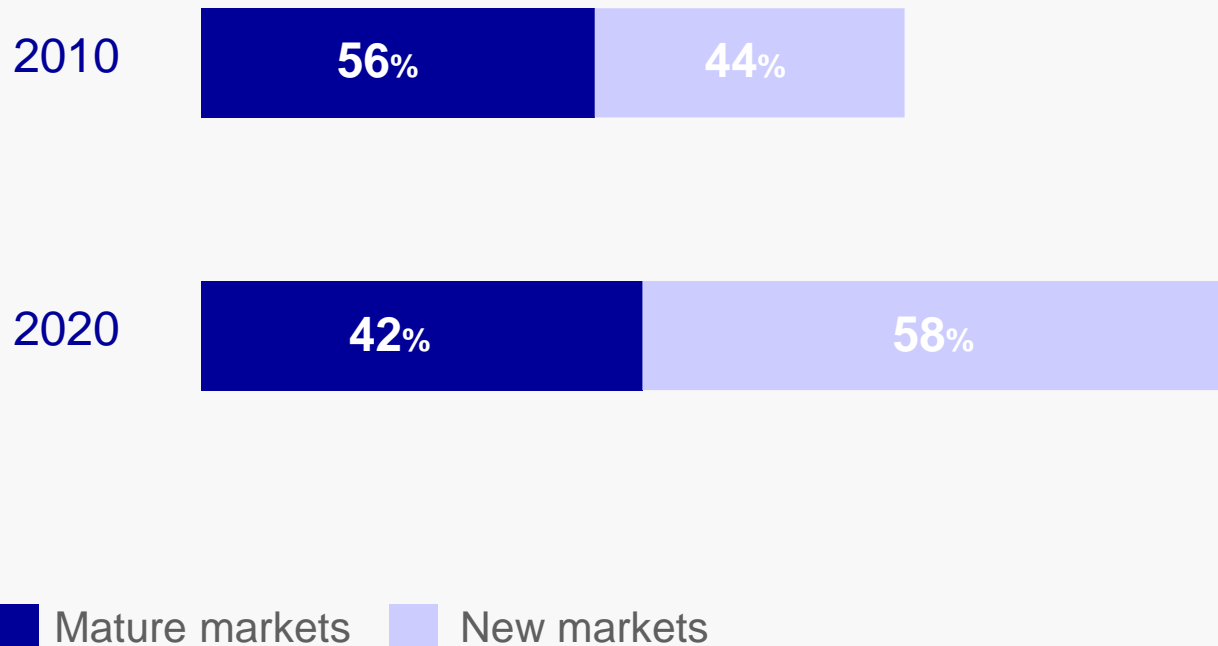
Michelin estimates





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

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

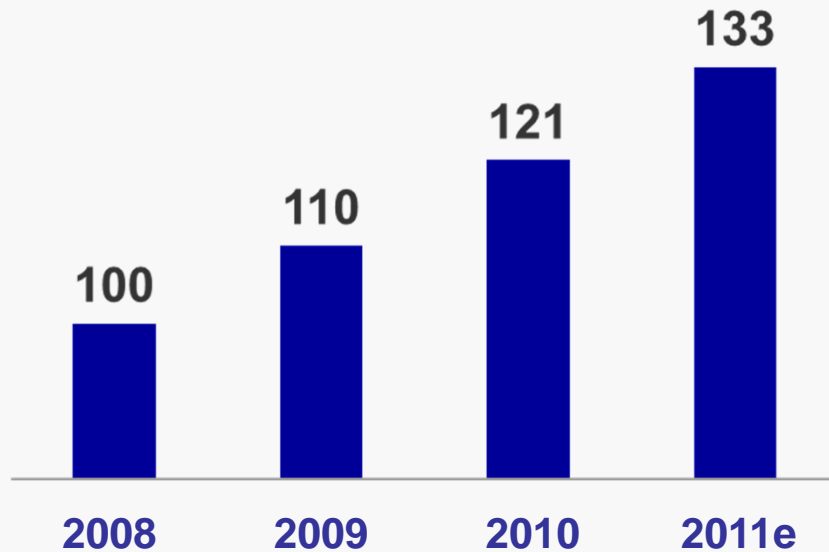




# Mining Tires: Structurally Trending Upwards

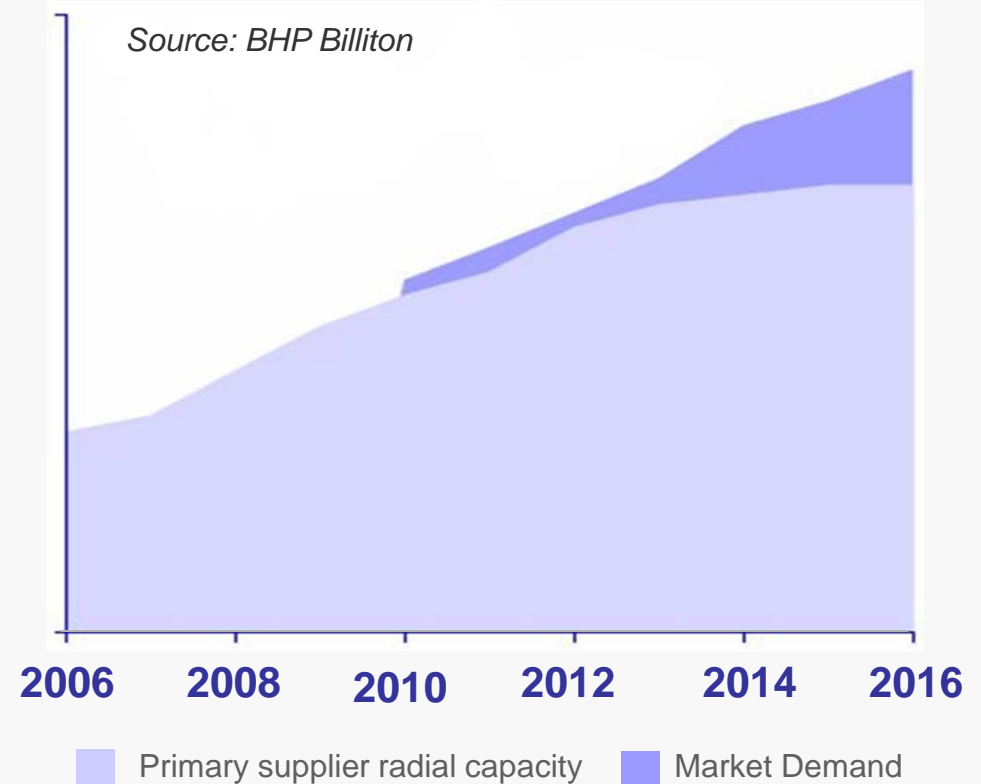
**Mining tire market**  
(base 100 = 2008)

Source: Michelin



**Large mining tyres**  
(market supply and demand)

Source: BHP Billiton



# *Investment Geared towards Growth Opportunities*





## Group Volume Target Confirmed

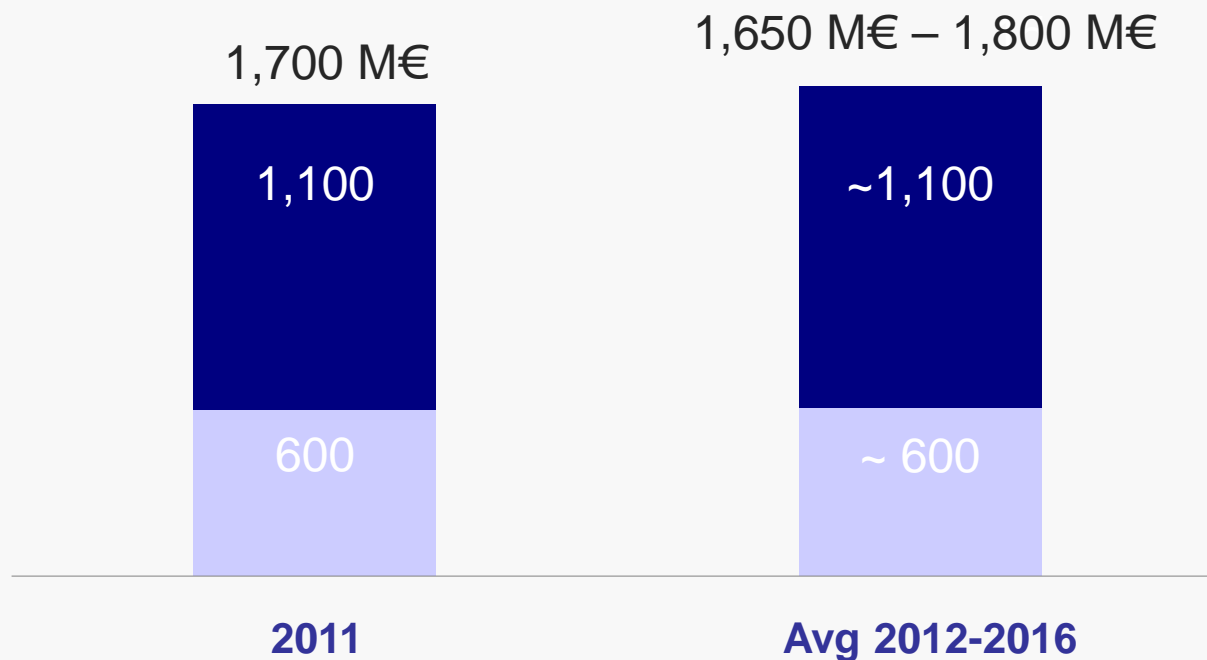
	2015	2020
Group	25%	50%
Mature markets	15%	25%
New markets	50%	100%





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

*Annual Investments, in € million*



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

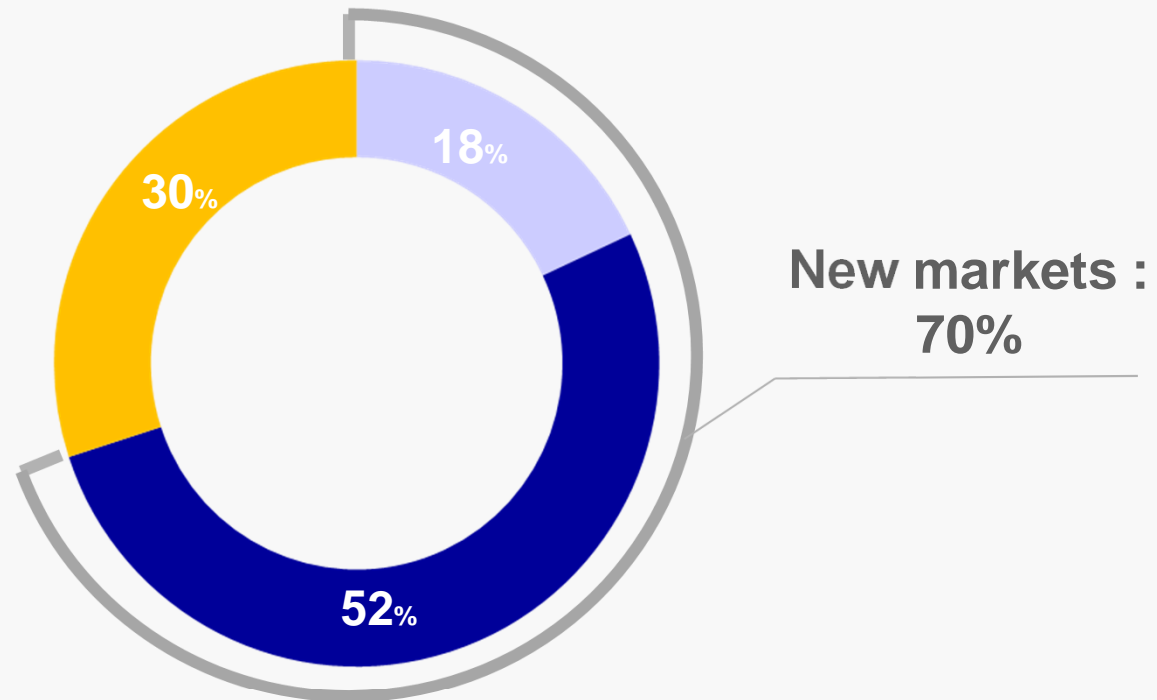






# Capacity Expansion Aligned With Potential Market Growth

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**



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

**September 14, 2011**





# Contacts

## *Investor Relations*

---

**Valérie Magloire  
Alban de Saint Martin**

**+33 (0) 1 78 76 45 36**

**27, cours de l'île Seguin  
92100 Boulogne-Billancourt - France**

**[investor-relations@fr.michelin.com](mailto:investor-relations@fr.michelin.com)**





## 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.*

