

JANUARY 22, 2019

**MICHELIN ACQUIRES
MULTISTRADA,
*THEREBY GAINING EFFICIENT PRODUCTION
CAPACITY OF 180 KT IN INDONESIA***

With leading Indonesian tire manufacturer Multistrada, Michelin gains competitive Tier 2/Tier 3 production capacity and strengthens its presence in the fast-growing Indonesian market

- Acquire a very competitive, immediately available plant (a Tier 2 greenfield project of equivalent capacity would have required capex of USD900 million):
 - Installed production capacity of 180 KT (11 million passenger car tires, 250 thousand truck tires and 9 million two-wheel tires) and good quality facilities
 - Positive cash flow from the first year
- Rapidly convert production to Tier 2 passenger car tires with very limited investment, by leveraging Michelin's technical expertise:
 - Free up production capacity for the MICHELIN brand in Asia
 - Support growth in Tier 2 passenger car tire volumes worldwide, by gradually replacing Tier 3 exports with Tier 2 exports
- Strengthen our presence in the Indonesian market, which has strong growth potential but dominated by local producers:
 - Passenger car, two-wheel and truck tire capacity to support the market's growth and upmarket shift over the coming years
 - Enhanced market access with the acquisition of a 20% stake in dealer PT Penta
- Achieve strong synergies, without impacting the Group's robust financial position:
 - Synergies of around USD70 million expected in purchasing, sales and manufacturing costs from 2021
 - Valued at USD700 million (including plant, 50ha plot and distribution), i.e., 6.3 times EBITDA after synergies
 - Immediate cash outflow of USD439 million to acquire 80% of the share capital in an initial phase

Multistrada, a competitive plant with strong market access

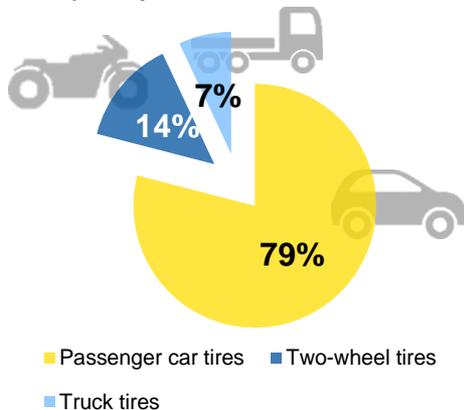
Tier 3 production

**Productivity gain
vs. 2016-2018:**

 **21%**



Breakdown of production
capacity in KT



Financial indicators

**Net sales of
USD313 million***

**EBITDA of
13%***



3,900 employees

* Rolling 12 months as at end of Sept. 2018

Distribution

24 dealerships
in Indonesia

more than **400** partners
in 100 countries

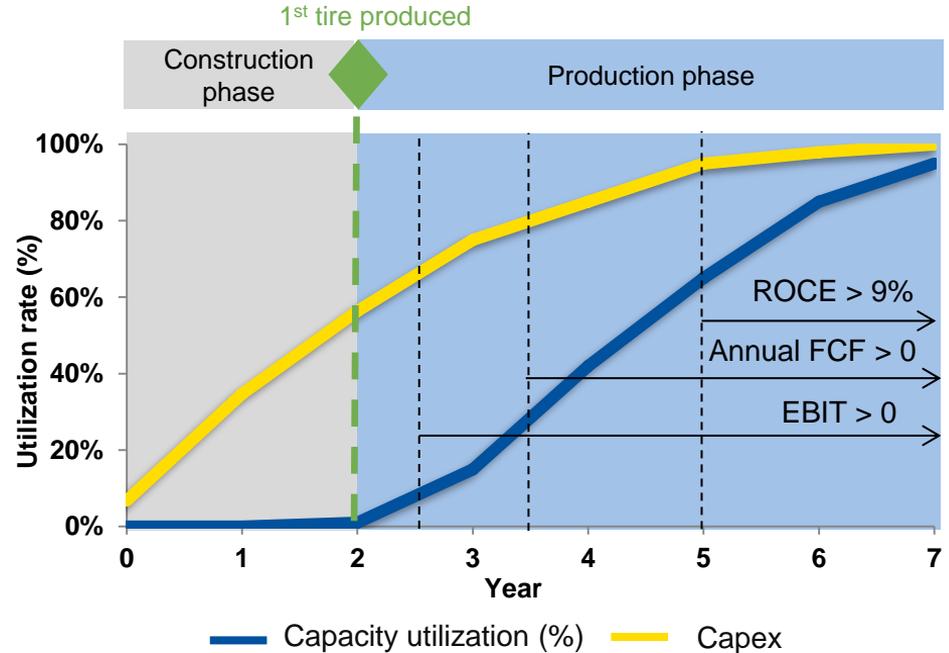
Immediately available production capacity at minimum cost, with strong potential for expansion

▲ Acquisition of Multistrada:



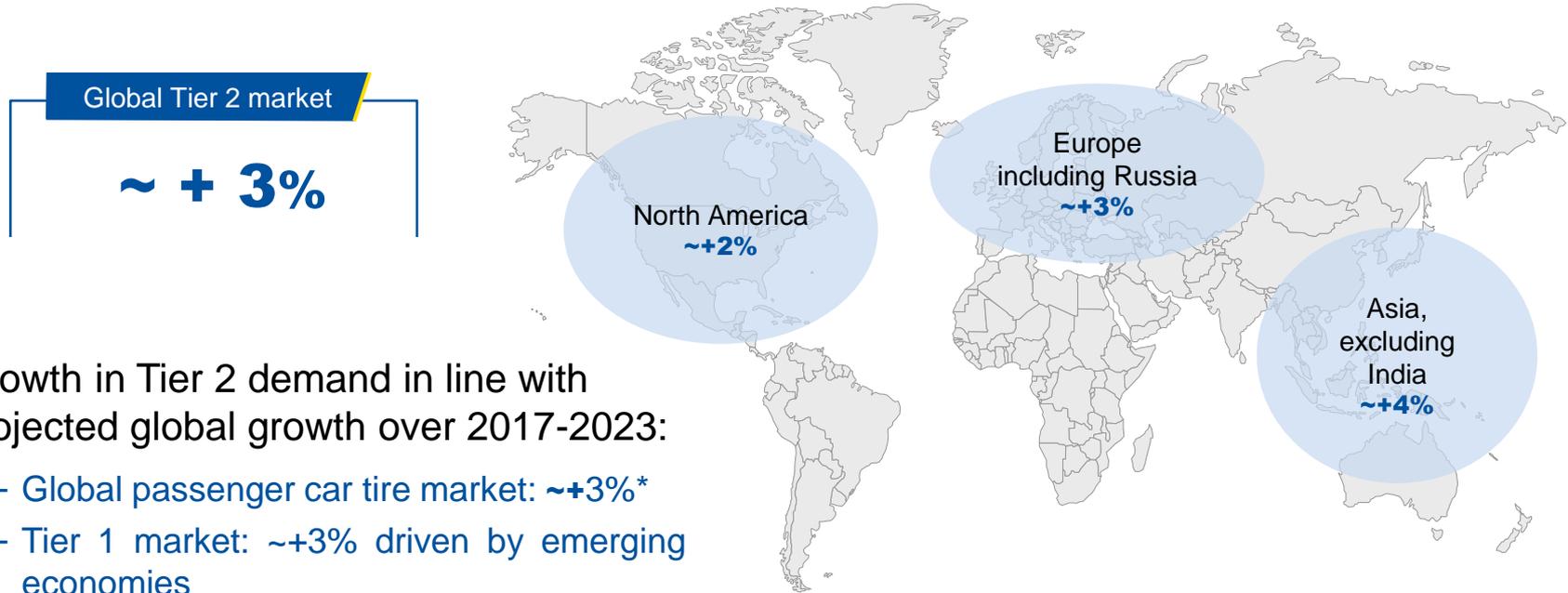
- Cost: USD700 million vs. USD900 million for a Tier 2 greenfield project
- Immediately available capacity
- Good quality facilities
- EBITDA of 13% over 12 months period ending Sept 30th 2018 with a Tier 3 production
- 50 hectare plot, offering the potential to double the size of current operations

▲ Greenfield ramp-up to 180 KT



Tier 2 passenger car tire market: rising demand worldwide, particularly in Asia

- Growth in the Tier 2 market – CAGR, 2017-2023



- Growth in Tier 2 demand in line with projected global growth over 2017-2023:
 - Global passenger car tire market: ~+3%*
 - Tier 1 market: ~+3% driven by emerging economies

* Source: LMC

With Multistrada, Michelin is consolidating its strengths to capture the value of the global Tier 2 market

Key success factors in the Tier 2 market

Criteria	Multistrada	With Michelin
Technology		X
Brand		X
Distribution		X
Production costs	X	X



**BFGoodrich
g-Force Winter 2**



*Make winter
your
playground*

**BFGoodrich
Mud Terrain T/A KM3**



*Built through
experience,
earned on the
trail.*

**BFGoodrich
g-Grip ALL SEASON 2**



*Sensations all
season, style
included*

**KLEBER
Dynaxer UHP & HP4**



*Peace of mind
on wet*

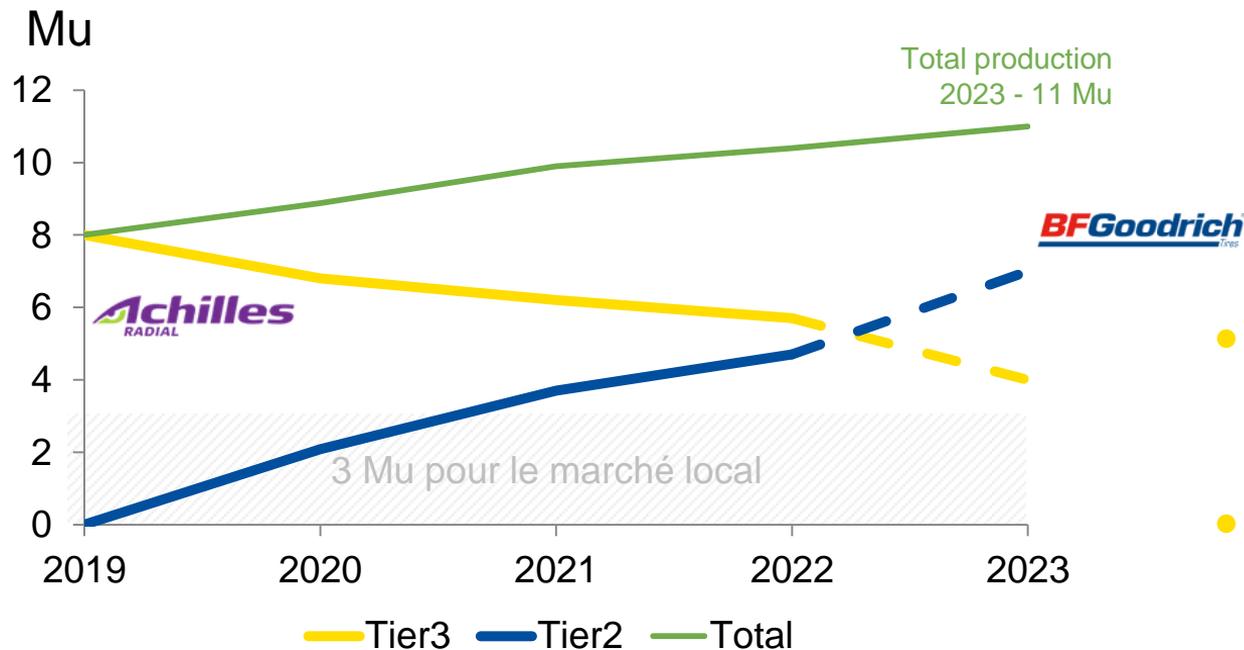
KLEBER Quadraxer 2



*Your best ally
throughout the
seasons*

Rapidly convert PC Tier 3 capacity into PC Tier 2 capacity with very limited investment

▲ Change in production capacity, 2019-2023



- Capex required for the conversion: USD 13 million in 2019
- ROCE post synergies >9% from 2020

Key success factor of the Tier 2 offering: a distribution partner that showcases Group products

- Michelin boasts industry-leading global coverage



- Wholesale partners: NTW, Ihle, Meyer Lissendorf
- A vast network of integrated, franchised dealers and companies in which Michelin held minority stakes at end-2018: approximately 7,300 points of sale excluding Multistrada

With Multistrada, Michelin will become a major player in the fast-growing Indonesian tire market

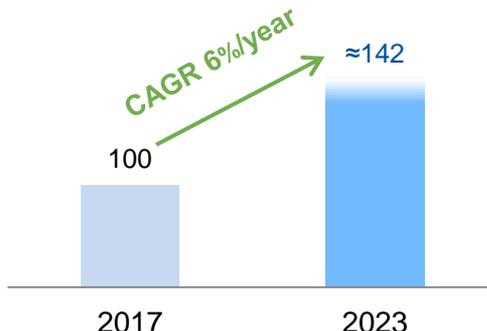
Indonesia



Market trends



* Base 100 in 2017, in units



* Base 100 in 2017, in units



* Base 100 in 2017, in units

Michelin position with Multistrada

Top 4

Top 3
with **CORSA**
RAY MOTOR TANGERANG

Major player

Distribution network

Leader

Strong market access: dealerships and e-commerce
Penta – partnership with Indomobil
contractual guarantee locking in more than 50% of sales with Michelin



Michelin will boast a comprehensive manufacturing base in a fast-growing region



Eco-friendly natural rubber

Joint venture with the Barito Pacific group

Reforestation of 88,000 hectares (o/w ≈45,000 ha. of rubber trees)



Synthetic rubber

Joint venture with the PT Chandra ASRI group

New plant with annual production capacity of 120 KT



Tier 2 and Tier 3 tires

Acquisition of Multistrada

o/w a plant with annual installed production capacity of 180 KT



Strong synergies of around USD70 million from 2021

- Cost synergies:
 - Better raw materials purchasing conditions
 - Reduction in Multistrada financing costs
 - Other synergies, particularly in overheads and marketing
- Sales synergies thanks to Michelin Group brands gaining access to the Multistrada distribution network
- An optimized manufacturing footprint generating some USD55 million in synergies:
 - Transfer of Tier 2 production from Asia to Multistrada to free up Tier 1 capacity
 - Manufacture of Tier 2 tires in Indonesia for export, replacing actual Tier 3 export



PT Multistrada Arah Sarana Tbk: transaction overview



Main terms of the transaction

- Acquisition of PT Multistrada Arah Sarana Tbk by Michelin for an enterprise value of USD700m
- In an initial phase, acquisition of 80% of the share capital from a group of shareholders, representing a cash outflow of USD439m
- Subsequently, a mandatory tender offer for the remaining 20% of the share capital

Value creation

- Identified synergies up to USD70m from 2021
- 6.3 times EBITDA after synergies*

Financing

- Financed by Michelin in cash
- No impact expected on the Group's credit rating

Provisional timetable

- Acquisition subject to customary closing conditions and regulatory approvals
- Closing expected end of first quarter 2019

* Rolling 12 months EBITDA as at end of September 2018

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 documents filed in France with *Autorité des marchés financiers*, which are also available from the <http://www.michelin.com/eng/> website.

This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing 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 inferred by these statements."

Edouard de PEUFEILHOUX
Matthieu DEWAVRIN
Humbert de FEYDEAU

+33 (0)4 15 39 84 68

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

23, place des Carmes Dechaux
63040 Clermont-Ferrand Cedex 9

investor-relations@michelin.com