

Investor Day in Almeria – April 04, 2019

Michelin: brand and technical leadership on Passenger Car Tire Market

Scott CLARK, Executive Vice President, Automotive Business Management, Motorsports, Experiences

Vincent ROUSSET-ROUVIERE, President of the Automotive OE Business





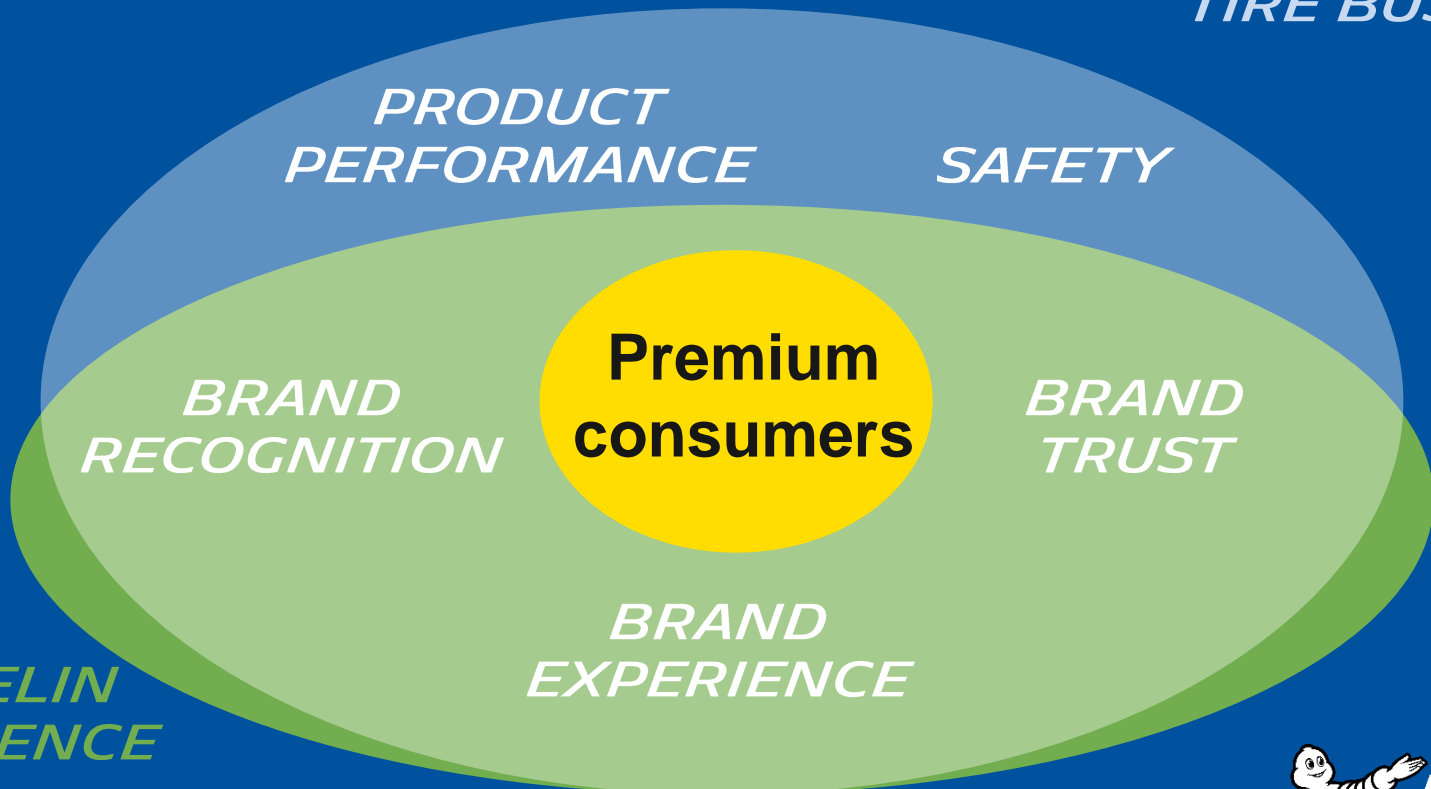
BRAND LEADERSHIP



Premium consumers seek important brand and product attributes



TIRE BUSINESS



*MICHELIN
EXPERIENCE*



MICHELIN is 3rd Most Trusted Brand Worldwide Across Categories

MICHELIN stands as the 3rd most trusted brand worldwide



SAMSUNG



FedEx



Ranking in descending order according to their trusted score

Source: KANTAR MillWARD BROWN





Michelin Experiences & Motorsports drive brand awareness & engagement

Significant Social Media Power

+ 2 MILLION FANS & SUBSCRIBERS



Strong brand awareness

25 MILLION MONTHLY VISITORS ON MICHELIN EXPERIENCES PLATFORMS

10 MILLION PEOPLE AUDIENCE YEARLY FOR MICHELIN MOTORSPORTS

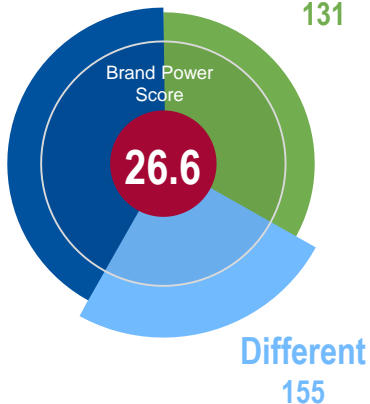
34 MILLION NON TIRE PRODUCTS SOLD YEARLY

MICHELIN – The global tire brand leader



Meaningful
136

Salient
131



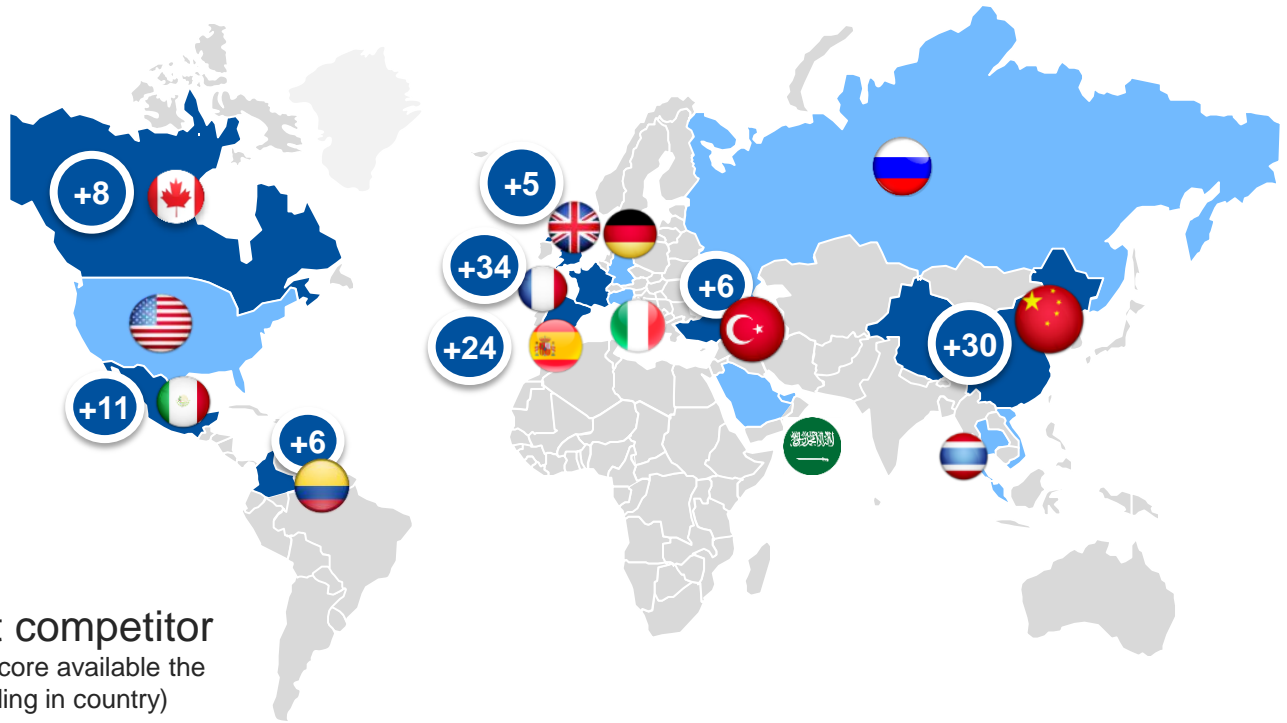
	MICHELIN	COMPETITION				
		GOODYEAR	BRIDGESTONE	PIRELLI	Continental	HANKOOK
BRAND POWER SCORE*	 26.6%	 13.8%	 13.5%	 12.0%	 9.6%	 4.9%
PREMIUM SCORE*	 151	107	109	102	88	57
NET PROMOTER SCORE*	 67%	43%	52%	46%	36%	19%

* Arithmetic average based on the 7 countries tracked every year (FRANCE + GERMANY + USA + CHINA + INDIA + BRAZIL + THAILAND) 2018

MICHELIN #1 in tire brand equity in key worldwide markets



LEADER ●
CO-LEADER ●



Difference vs. best competitor
Source: latest Brand Power Score available the country (2013 to 2018 depending in country)



Michelin leadership program @Mercedes AMG



Tire simulation
High performance street legal tires
Customized tire sidewalls
Aftersales training

*HIGH PERFORMING
AND INNOVATIVE
CARS*



Driving academy support
Tailor made events & tours
Red Guide launch participation
Track Connect

*UNIQUE
CONSUMER
EXPERIENCE*



Motorsport
Laptime record collaboration
Social media activation
Co-branded videos

*RACE, RECORDS AND
BRAND ACTIVATION*





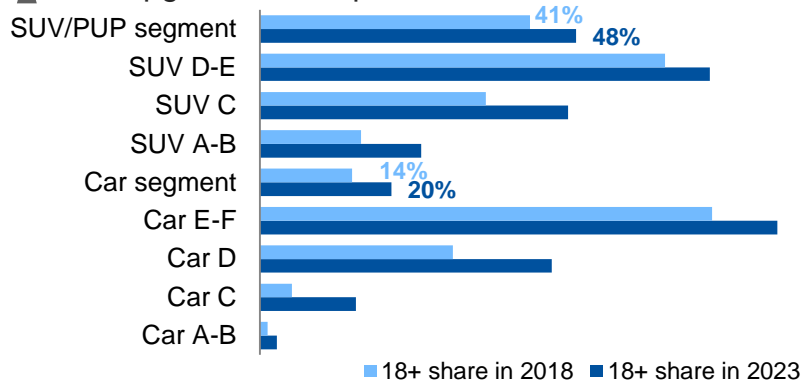
OE LEADERSHIP



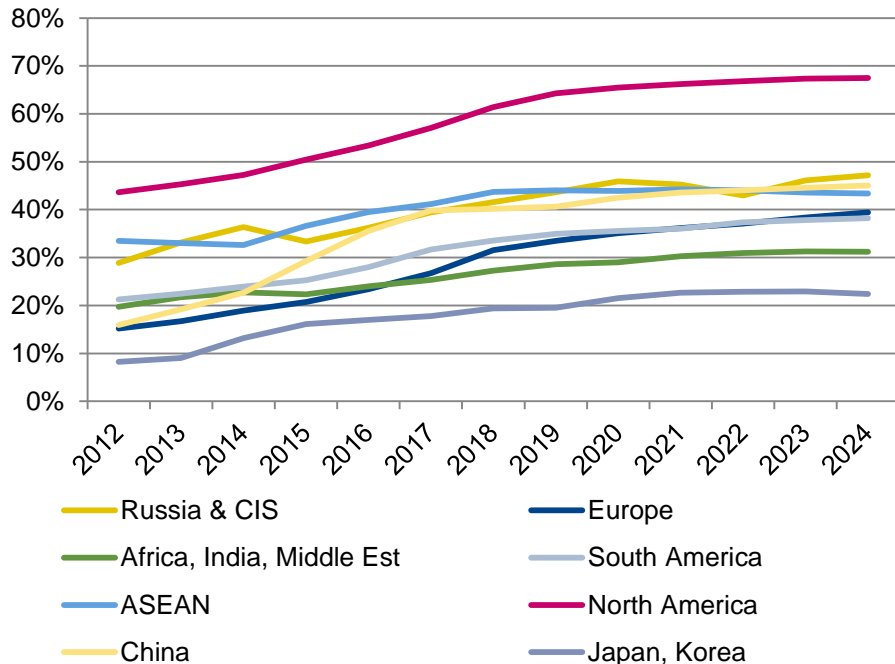
OE market of 100 million vehicles representing today 450 million tires, with an anticipated +1% CAGR until 2023 and a tire size mix improvement



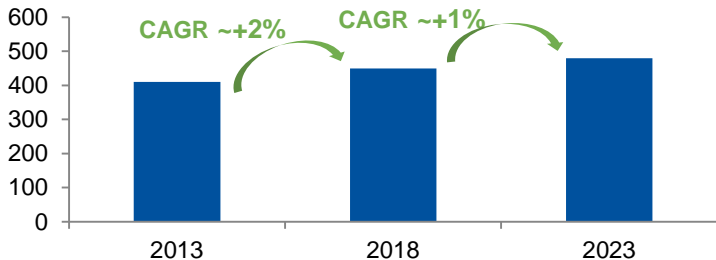
▲ Seat upgrade in new platforms



▲ SUV / LT expansion across all regions



▲ WW OE tire market (in millions units)



Macro market trends contributing to a rapid evolution...



- **New set of norms with more regulatory & compliance items**
 - WLTP, noise reduction, ICE traffic regulations and/or limits...
- **New technologies now available, leading to new solutions**
 - Electric engines, fuel cell engines, AI & data connection ...
- **New societal trends, reshaping needs & wants**
 - Urbanization, millennials trends & values, sustainable development...
- **New customers & consumers usages, with new mobility trends**
 - Usage based segmentation (urban, fleets, pay per use), mobility as a service...
- **New partnerships between different actors**
 - OEMs, mobility providers, energy producers, cities, ...



Potential diesel engine restriction in WW cities

... & to the emergence of “new mobility offers”

Michelin's OE position is unique, ...



	SPORT PASSION	LUXURY PREMIUM	GENERALISTS	NEW ENTRANTS (OEM & Mobility)
OEM BRANDS (examples)				
Who are they	Extreme emotions & passionate drivers	Premium brand focus on consumer experience	WW players mass-market oriented	New OEMs & new offers of mobility
Market weight (Volumes of tires)	2% > in € and image	13% > in € and image	65% =	20% < in € but > in speed
Main competitors	Pirelli	Continental Pirelli	Bridgestone, Goodyear, Continental, Dunlop, Hankook	All
Michelin position	Leader	Amongst the Top 3	Amongst the Top 3 Overall & WW presence	Leadership Position amongst non Chinese

... with the overall objectives to achieve

- a reference position in each segment & each geography
- a sales growth at a minimum in line with the market evolution
- a profitability at the level of the best auto suppliers



Michelin evolving its OE market approach to leverage all its assets & strengthen its leadership

- **Keep investing on key performances to strengthen our Leadership**
 - Rolling Resistance, noise reduction, mass reduction... & Simulation
- **Federate all Michelin Group assets in our Customer Value Proposition**
 - Innovation, Tire Performances, Brand Leadership, Michelin Experiences, Motorsports, Materials...
 - Differentiate between OEM segment & each actor to maximize value extraction
- **Enlarge our cooperation and our offers from “*upstream innovation to market tests*”**
 - Multipartite projects to boost Innovation and accelerate market development

... leading to concrete market initiatives with key OEM amongst each segment & each key market

Concrete examples of joined initiatives with OEM & new actors to explore new “mobility offers” 2019-2022



- **C = CONNECTED** → Improve “vehicle & tire performance with data connection” (NA+China)
 - Link tire data to vehicle ADAS and consumer device, bringing both performance & service
 - Reverse the usual “drivers checking their tires” to the “tires now taking care of their driver”
- **A = AUTONOMOUS** → Explore “tire maintenance free & seamless autonomous mobility” (NA+Asia)
 - Combine “Urban Fleet usage & autonomous mobility”
- **S = SHARED** → Cooperate in a multi-actors project on “shared mobility” (China)
 - New vehicle, new product performances, new services, new mobility actors ...
- **E = ELECTRIC** → Test a global offer on “electric mobility” (Europe)
 - Product Performance, Pay per Use, fleet solutions, consumer experience & services

**... keeping drivers & consumers at the center of our ambition
for “a better, safer and more sustainable mobility”**



TECHNICAL LEADERSHIP



Long Lasting Performance: key point of difference for Michelin



MICHELIN® PREMIER® A/S

★★★★★ 4.15 (155 reviews) Write a review

Safe When New. Safe When Worn. Even when half-worn, it's still safe, thanks to EverGrip wet-braking technology. The MICHELIN® Premier® A/S tire still stops shorter on wet roads than leading competitors' brand-new tires.

OTHER TIRES*

MICHELIN PREMIER A/S*

*MICHELIN PREMIER TIRES VS. COMPETITOR TIRES, EACH WITH 3.8 YEARS OR APPROXIMATELY 75,000 STOPS WORTH OF WEAR.

Initial Speed	Brakes Applied	Final Speed
50 MPH	Brakes Applied	15 MPH
50 MPH	Brakes Applied	0 MPH



*All tires wear out and should eventually be replaced. Based on internal wet braking test results from 50 MPH vs. Pirelli® Cinturato P7TM ALL SEASON Plus tires and Continental® PureContact™ tires in size 215/60R16 95V and Goodyear® Assurance® WeatherReady™ in size 215/60R16 95H on a 2017 Chevrolet Malibu. Actual on-road results may vary.

** Tires tested machine buffed to 3/32", which is above the 2/32" tread wear out limit in most states.

Michelin: Leading technologies for premium tires



MICHELIN ACOUSTIC
technology enhances the driving experience by significantly reducing vehicle interior noise



MICHELIN PREMIUM TOUCH
A unique sidewall with a patented “velvet-effect” finish

MICHELIN SELFSEAL
A technology that allows the immediate and definitive self-repair of the tire



MICHELIN ACORUS
A flexible wheel that eliminates flat tires due to potholes and curb-shocks, for a hassle-free driving experience

MICHELIN / TRACK CONNECT: FIRST connected car tire offer on the market

« Consumer centric solution for better performance @trackdays, Engaging, Passionate
True leadership & Innovation, Start-Up spirit, Awarded solution »

“A MICHELIN coach/engineer on the passenger’s seat for reinvented driver’s experience”

4 CONNECTABLE TYRES



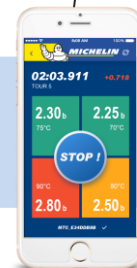
4 PRESSURE & TEMPERATURE SENSORS



1 BLE RECEIVER



1 SMART APP



Michelin – Recognized technical leader



Since 1989, Michelin has won 91 of the 112 awards for OE tire satisfaction

ALMOST 5X MORE THAN THE COMPETITION COMBINED!



Recent Tirelines have already been acclaimed by some of the most demanding German car magazines

Manufacturer of the year 2019 with



Pilot Sport 4, Pilot Sport 4S,
CrossClimate+, X-ICE North 4



Source: 2018 J.D. Power U.S. OE Tire Customer Satisfaction Study



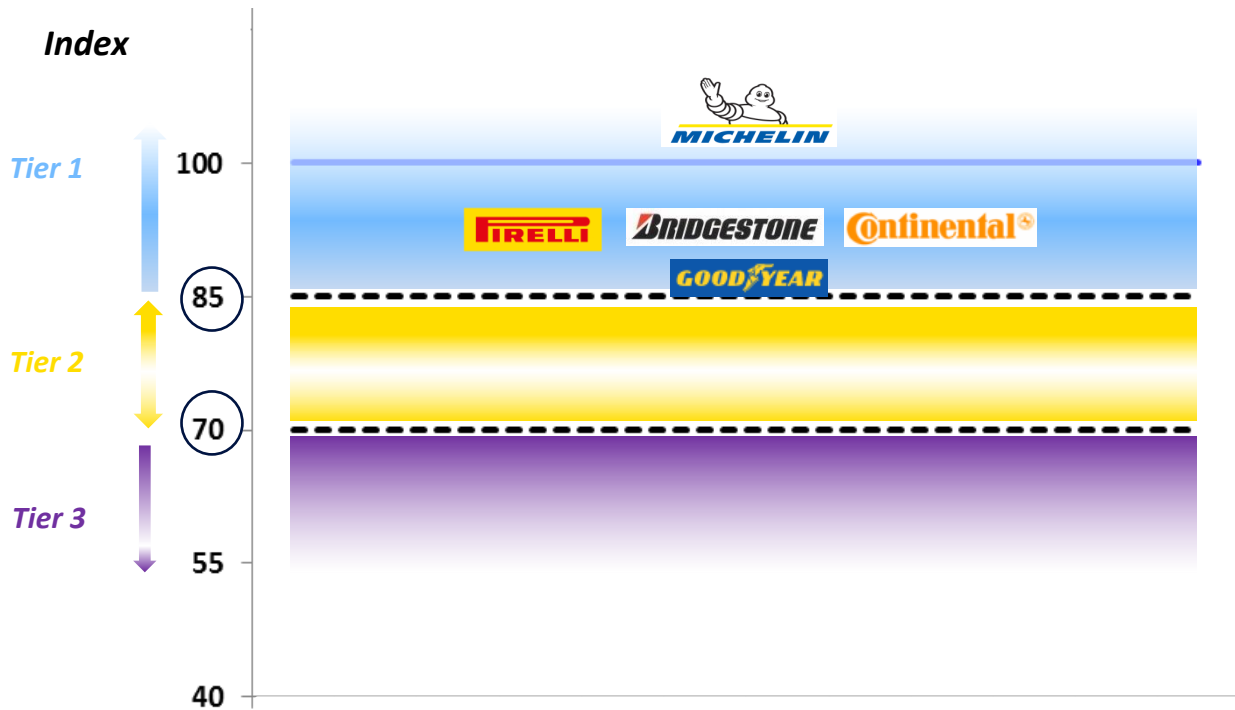
PRICE LEADERSHIP



Definition of price Tiers – Michelin is the price leader



▲ Sell Out price positioning index (average USA / Europe / China / Thailand)



Trends favoring Tier 1 brands



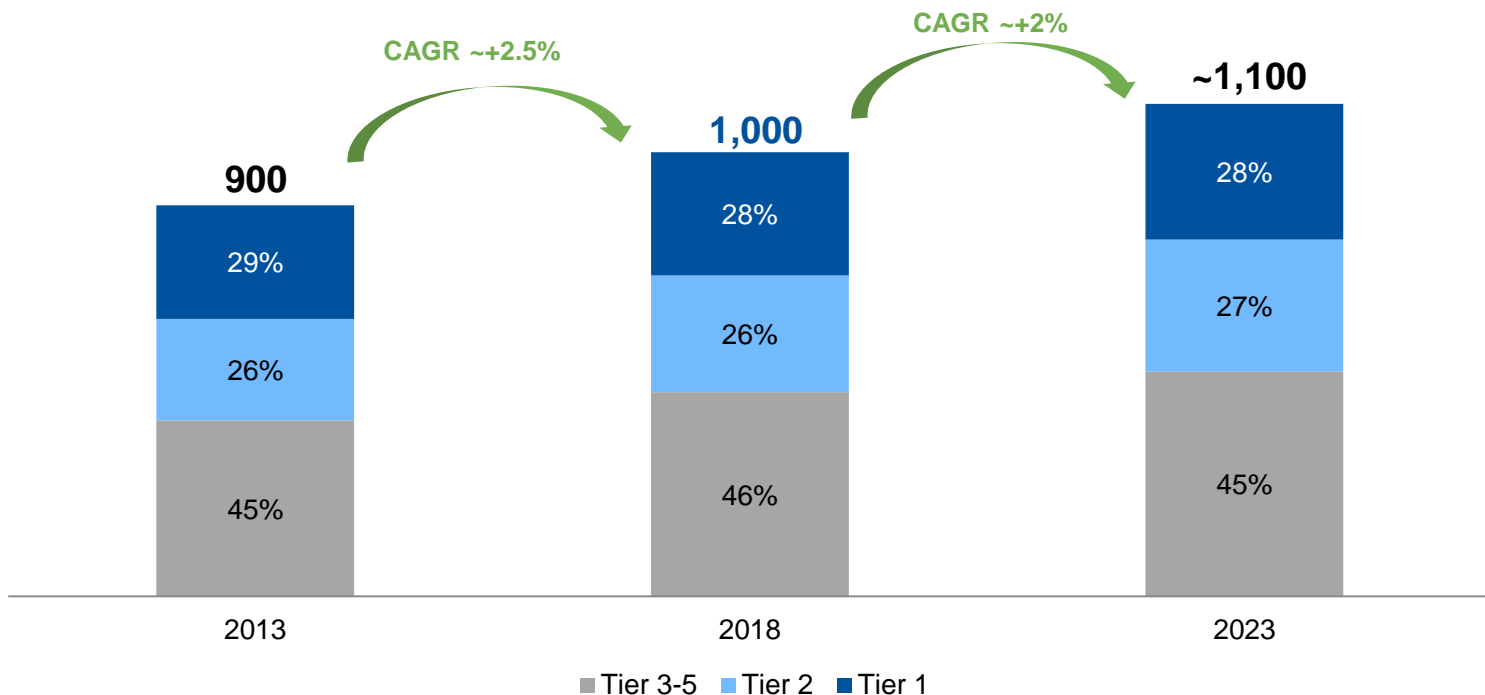
- Mid and upper class demographic growth
- Premium technologies and technical performances on 18”+, winter nordic, all season Europe, self-seal, acoustic,... drives premium market strong growth
- OE-driven size complexity favors large product/size coverage and manufacturers with “local” production
- Safety and trust focus from more and more end-consumers
- Progressive intensification of norms & regulations





Tier 1 market growing around 30 million units by 2023 while keeping its grip in the total market

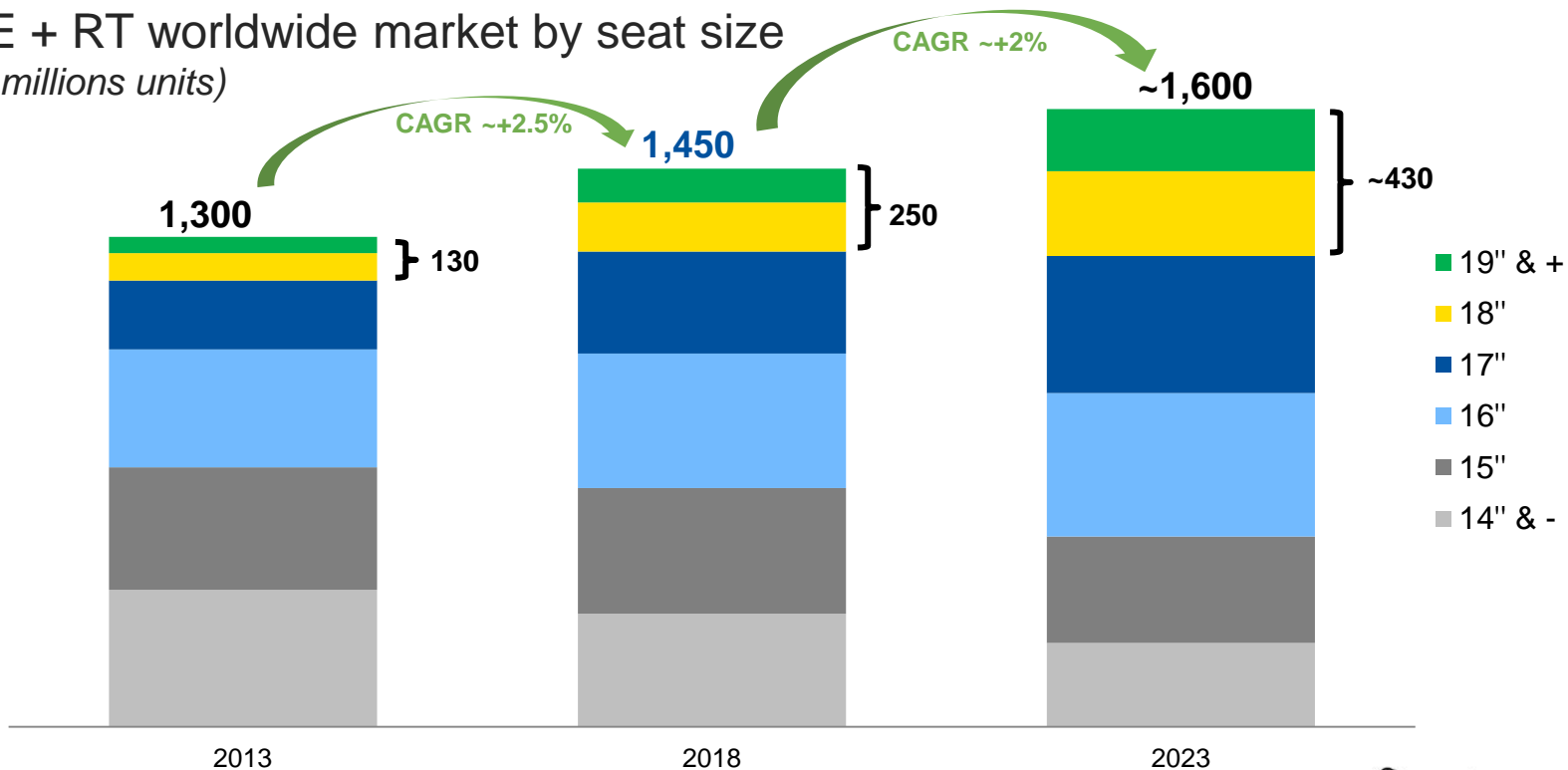
▲ Global RT market evolution by price Tier (in millions units)



OE and RT 18"+ market growing up to 430 million units by 2023



▲ OE + RT worldwide market by seat size
(in millions units)



Michelin brand and technology leadership driving growth in profitable 18”+ segment

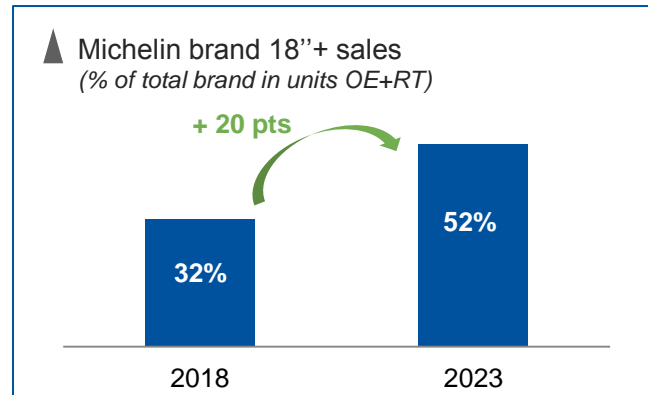


- OE

Technical leadership facilitated an additional **+5PTS** of SOM over the past 4 years

- RT

Strong loyalty rate **~60%*** in 18”+ is boosting RT sales



Average + €100M margin of mix effect each year until 2023

* % of tire sold to RT in year Y0 to Y4 generated by sales to OE in year Y0 in Europe



MARKET ACCESS



Michelin distribution strategy: availability and presence through secured dealers offering service consistency



Wholesale Distribution



AVAILABILITY
Ensure product
availability

PRESENCE
Be where end users
want to shop



DISTRIBUTION:
Deliver a differentiated
end-user experience

E-Commerce



SECURED ACCESS
Ensure a path to target
end-users

**SERVICE
CONSISTENCY**
Partners that share a common
vision for end-user experience

Retail Franchise



Key takeaways: Michelin leadership to drive growth and profitability



- Unparalleled Brand Leadership
 - Portfolio of Group Assets to create unique consumer experiences => build on existing Brand leadership
- Renowned Technical Leadership
 - Innovation partners with major OEMs – exploring solutions to be a key contributor into *“tomorrow’s mobility”*
 - Recognized by prescriptors and influencers around the world
- Global Price Leadership
 - Brand strength and technical leadership support price premium
 - Market trends reinforce continued strength of premium brands
- Market Access
 - Ensure Michelin availability and presence through secured partners offering service consistency



APPENDICES

Brand measurement explanatory note 1/2



POWER
(BPS)

Is a prediction of the brand's volume share based purely on perception, absent of activation factors

= *Sell More*

$\Sigma=100\%$ / scope: 8 brands mostly Tier1 tracked by country (10 in the US).



PREMIUM

Is the ability of a brand to command a price premium relative to the category average, based purely on perceptions, absent of activation factors

= *Sell More Expensive*

Index – 100 = market average



NPS


Is a one number score summarising clients satisfaction and propensity to recommend their own brand to their friends or relatives

Brand measurement explanatory note 2/2




Brand Power Score (BPS)

A prediction of the brand's **volume share** based purely on brand perceptions (does not account for activation factors such as: pricing, distribution, promotions, etc)

1.  **Is my brand Meaningful?**


Does it meet both the emotional and rational needs of the consumer? *Brand I Love Meet Needs*

What do you feel about the following brands? (scale 0-10, from « I hate it » to « I love it »)

To which extent each of the following brands bring you what you expect from a tire brand? (scale 0-10, from « doesn't meet your needs at all » to « meets your needs very well »)
2.  **Is it Different?**

Is it different from other brands in the category?

To which extent is each of the following brands different from other tire brands? (scale 0-10, from « identical » to « very different »)

To which extent is each of the following brands innovative? (scale 0-10, from « follows others » to « sets the trends »)
3.  **Is it Salient?**

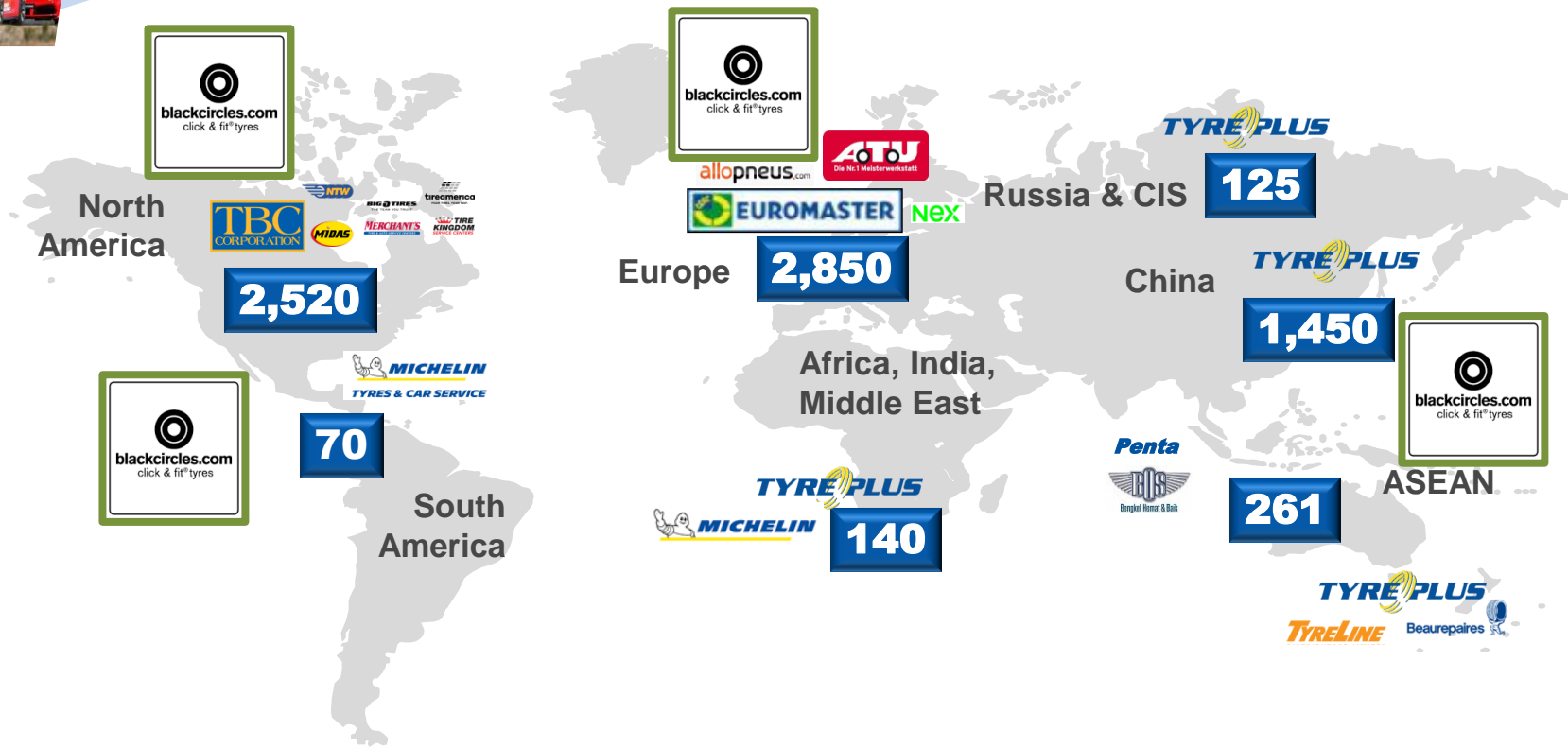
Is it top-of-mind?
(When aligning with category needs)

Awareness Intensity

When you choose a tire, what are the 3 elements you pay most attention to?

When you think of [safety], which brand does come to mind first? (answer #1 to previous question) ASK FOR 3 NEEDS

Secured access – integrated, franchised and JV footprint will keep growing to reach 8,000





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/en/> 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."

Contacts



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