

Investor Day in Almeria – April 04, 2019

Michelin, global leader in the Off The Road mobility solutions

Serge LAFON, Executive Vice President, Specialty businesses Management

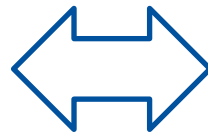


« Michelin Off-Highway Transportation: to sustainably contribute to build, and feed & protect people »



- **OHT customers** operate in

- Agriculture
- Construction
- On-site Logistics
- Defense



- **Tires & related services:** a key asset to improve profitability and sustainability

increasing
yields

more
load

lasting
longer

going
faster



optimizing
uptime

- They face challenges to operate sustainably

- Lack of productive land
- Material scarcity, pollution, safety risks

- In demanding, unpredictable conditions and constrained timing



Off-Highway Transportation markets will face strong challenges and require high-value offers



- Population growth **+30%** till 2050
- **+69%** food needs, with limited arable land available
- **80%** AG production growth through yield/productivity

Source: European Commission,
« Perspectives to mid-term
horizon 2018-2030 », Dec. 2018



- Construction spendings CAGR 18-23 **+3%**
- Urbanization rate up **+13pts** till 2050, reaching **68%**

Source: IHS Global insight

Source: UN, 2018 Revision of
World Urbanization Prospects



- Imports/Exports flows (USD) CAGR 18-23 **+7%**
- E-commerce retail sales \$4.9Trillion by 2021 (**+20% p.a.**)
- To **bigger** ports in Asia, **more productive** in Mature

Source: IHS Global insight

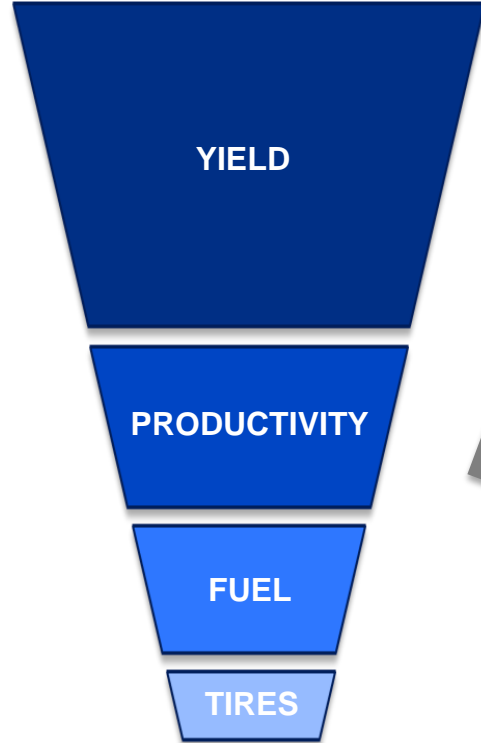
Source: eMarketer

- **Producing more under increasing constraints is the main challenge of OHT customers**
- **2018 Market of ~\$15bn, expected to grow in volumes by a ~3% CAGR by 2023**



MICHELIN ENABLES CUSTOMERS TO TACKLE COMPLEX CHALLENGES

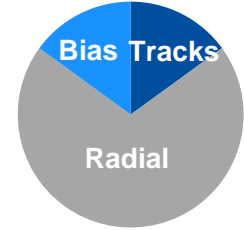
Agriculture: customers need offers that help them to produce more while protecting their main asset, Land



AG as a business

Agro-industries
Contractors
Large crop farming
Vineyards & Orchards

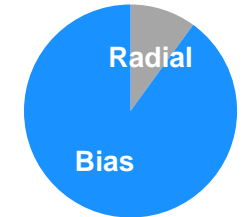
TECH & DIGITILIZED MACHINES



SUPPORT MACHINES & IMPLEMENTS



MASS-MARKET MACHINES



Traditional AG

Small Crop Farming
Crop/Livestock Farming
Subsistence Farming

VALUE

Michelin strategy: full-liner, from affordable tires to premium mobility solutions to increase productivity and protect the Land



Traditional AG

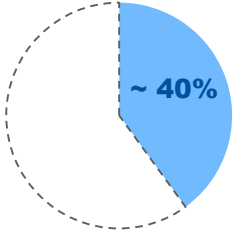
Small Crop Farming
Crop/Livestock Farming
Subsistence Farming



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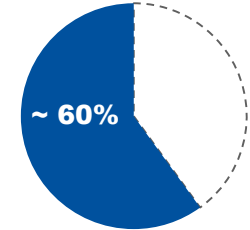
% of the market (in value)



Tracks equip
~50% Harvesters
& ~15% Tractors



% of the market (in value)



AgriBIB2



RoadBIB





Michelin develops connected solutions to maximize productivity while preserving environment



Traditional AG

Small Crop Farming
Crop/Livestock Farming
Subsistence Farming

Affordable
Tires

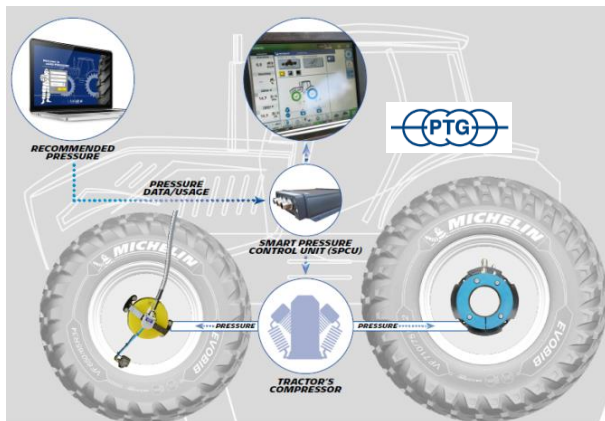
High
Intermediate
Tires

Premium
Tires &
Tracks

Solutions

AG as a
business

Agro-industries
Contractors
Large crop farming
Vineyards & Orchards



EvoBIB

ZEN@TERRA

+4% Yield
-8,5% Fuel

Construction market: time constraints & sustainability at the core of our customer challenges



Infrastructure



2017-2030 spending growth (in €): +80%

- **Customer needs:**

- Productivity (Speed & Load)
- Uptime (Traction & Robustness)
- Carbon footprint limitation

Residential & Non-residential Buildings



2017-2030 spending growth (in €): +50%

- **Customer needs:**

- Pollution-free (gas & noise)
- Traffic obstruction-free
- Productivity

Michelin strategy: full-liner, partnering with professional Service Providers to deliver 100% Mobility



Track



Bias



Radial

MICHELIN+CAMSO: 80% RUBBER TRACKS & TIRES MARKET COVERAGE

**A comprehensive offer to gain market shares
with customers more and more demanding**



Michelin offers best in class products along with digital services to improve productivity



MICHELIN XTRA FLEXLIFE



+15-20% tire life
- 5% mass

=

productivity gains for our customers

MICHELIN TIRE CARE TPMS



Metrics	Without TPMS <i>(Tire Pressure 80%)</i>	With TPMS <i>(Tire Pressure 100%)</i>	Delta
Productivity	345.2 t/h	363.7 t/h	18.5 t/h +5.1%
Fuel Efficiency	7.3 t/l	8.1 t/l	0.8 t/l +9.9%

Caterpillar Quarry Days – Malaga 2017

On-site Logistics: supply chain is undergoing a deep transformation in terms of velocity and technologies...



1. Worldwide exchanges should remain the norm (people & goods)
2. E-commerce and high efficiency warehousing
3. Automation
4. Alternative Energy
5. Smaller, cleaner, faster, higher load capacity
6. Autonomous





Michelin Strategy: full-liner, with unique on-site services to insure uptime and productivity



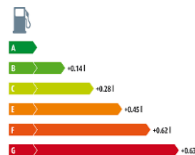
On-Site market breakdown		Ports	Airports	Forklift
Radial	10%	Strong with 	Present with 	Strong with 
Bias	45%	Present with 	Present with 	Present with 
Solid	45%	Strong with 	Present with 	Strong with 



Sustainable Mobility lies at the core of Michelin OHT strategy



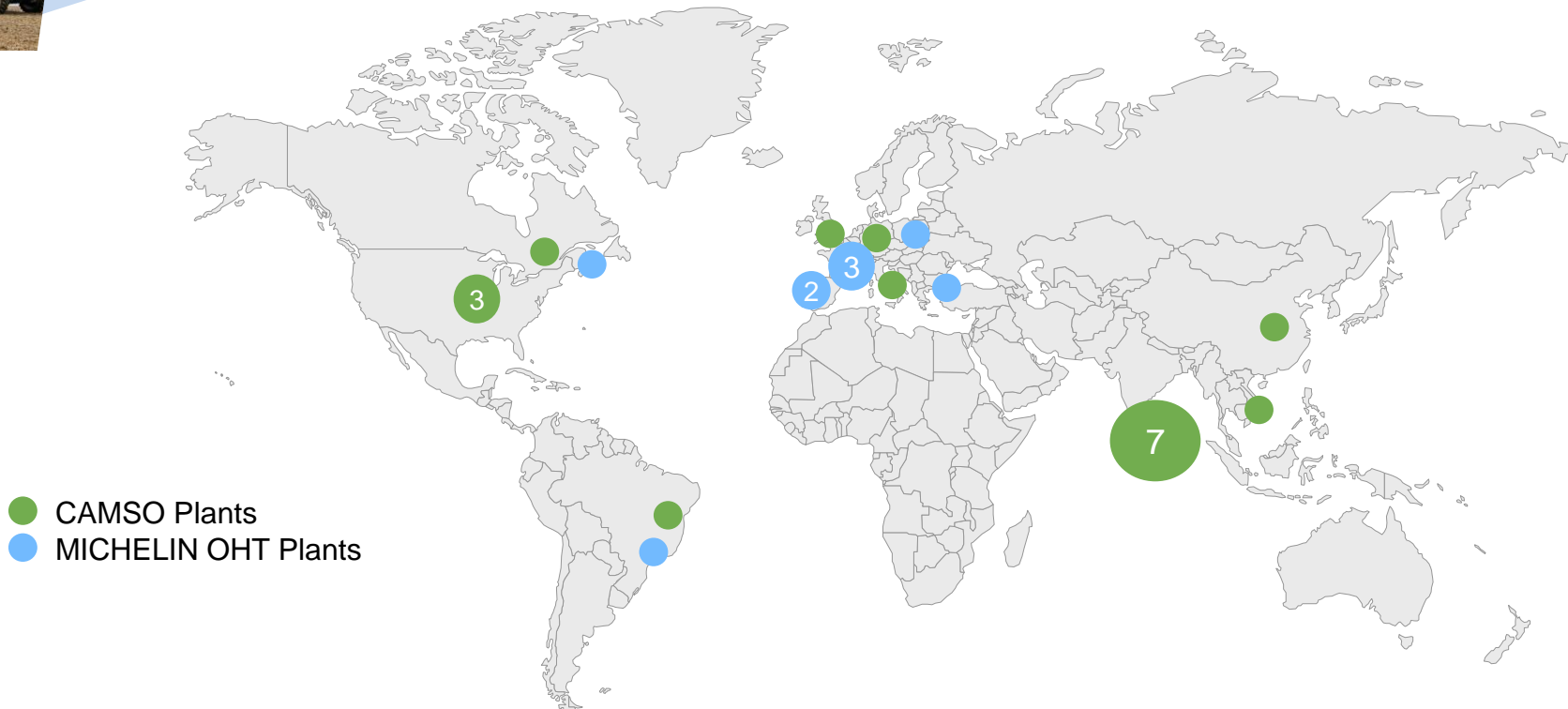
- Protecting soils
- Doing more with less: faster, safer, more load
- Reducing fuel consumption
- Saving raw materials, while improving Michelin kilometric efficiency



- **EvoBIB:** Yield +4%
- **XStacker2LC:** Speed +50%
- **PON 775 NMA5:** Avoid static electricity
- **EvoBIB + CTIS:** Fuel -8,5%
- **XTraFlexlife:** Lifespan +20%
Mass -5%



MICHELIN with CAMSO: a complementary and value creative industrial footprint



Americas: 7 Plants

Europe: 10 Plants

Asia-Pacific: 9 Plants



Key Takeaways

- Off-highway markets are structurally growing, face strong challenges and require high-value offers
- Michelin, with Camso:
 - Enables its customers to tackle this complexity with a full liner offer: right location, right time, right offer
 - Brings technological products and services to go “smaller, cleaner, faster, heavier” and autonomous
 - Has expert teams with shared values and ambition to serve customers in a sustainable way
 - Benefits from a well balanced industrial footprint between high and low cost countries
 - Confirms synergies of \$55m in EBIT by 2021, and around \$20m in WCR optimization

Strong market share gain ambition in structurally growing markets

While extracting more value from our comprehensive and sustainable offer and technology



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