

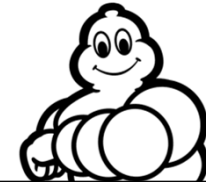


# MICHELIN CANADA TO REDUCE TIRE PRODUCTION AT NOVA SCOTIA PLANT

March 03, 2014

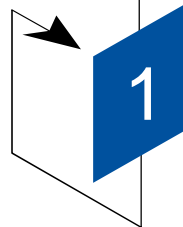


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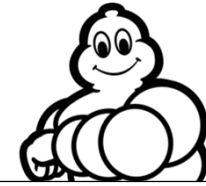
- 1 DRIVERS OF THE MANUFACTURING STRATEGY
- 2 CHANGING NORTH AMERICAN MARKET PLACE
- 3 TIRE PRODUCTION IN NOVA SCOTIA

March 03, 2014



## DRIVERS OF THE MANUFACTURING STRATEGY

# Drivers of the Manufacturing Strategy



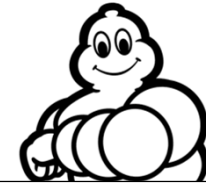
## ▶ Footprint Strategy:

- Local for local: to drive growth in each region
  - 80% volumes locally produced
- Use European capacity as a buffer

## ▶ Manufacturing productivity:

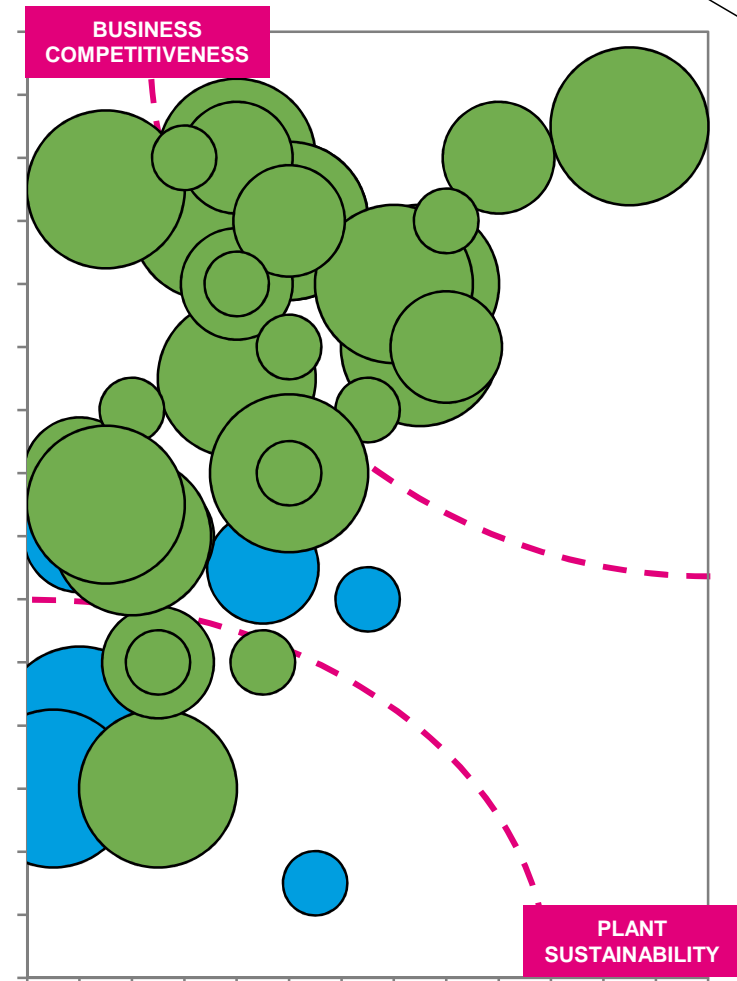
- **Sizing for long-series**
  - Critical mass > 100KT
- **Operating performance**
  - Workforce skills and training
  - Best practice sharing
- **Standardization**

# Manufacturing Performance Drivers

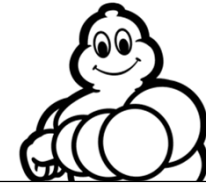


## The Footprint Strategy: Strengthening the West

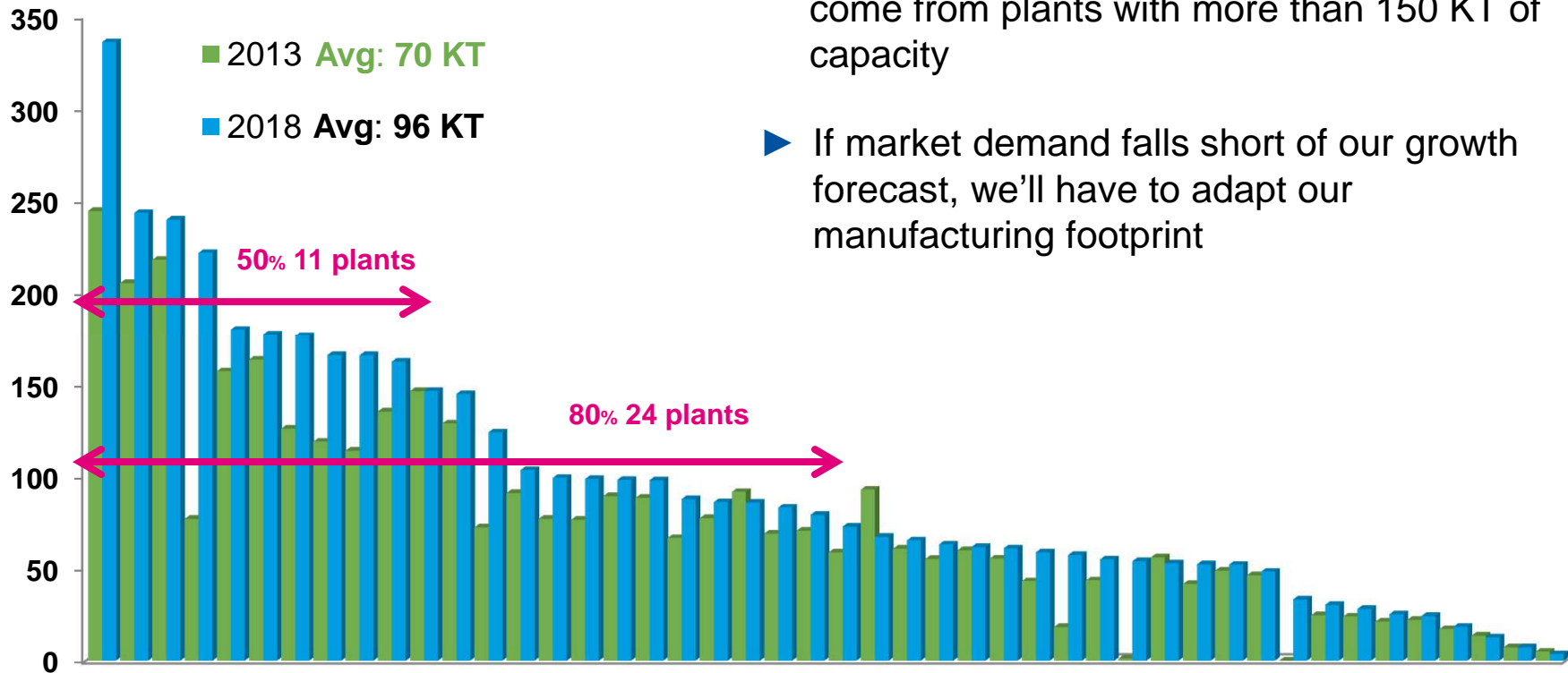
- ▶ Continuously evaluate the long-term vision of the plants' sustainability:
  - The strengths of each plant
  - The present and future state of the related business
  - Align capex and hiring strategies
  - Consistently embrace our social responsibility
- ▶ In France, for example:
  - Shutting down truck tire production in Tours
  - Increasing truck tire capacity in La Roche-sur-Yon



# Manufacturing Performance Drivers



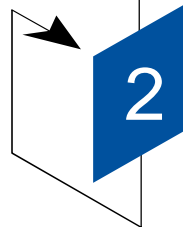
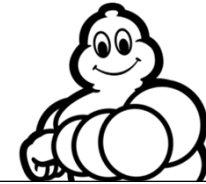
## The Footprint Strategy: Plant Size



- ▶ In 2018, half of all finished product output will come from plants with more than 150 KT of capacity
- ▶ If market demand falls short of our growth forecast, we'll have to adapt our manufacturing footprint



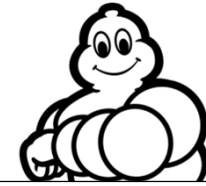
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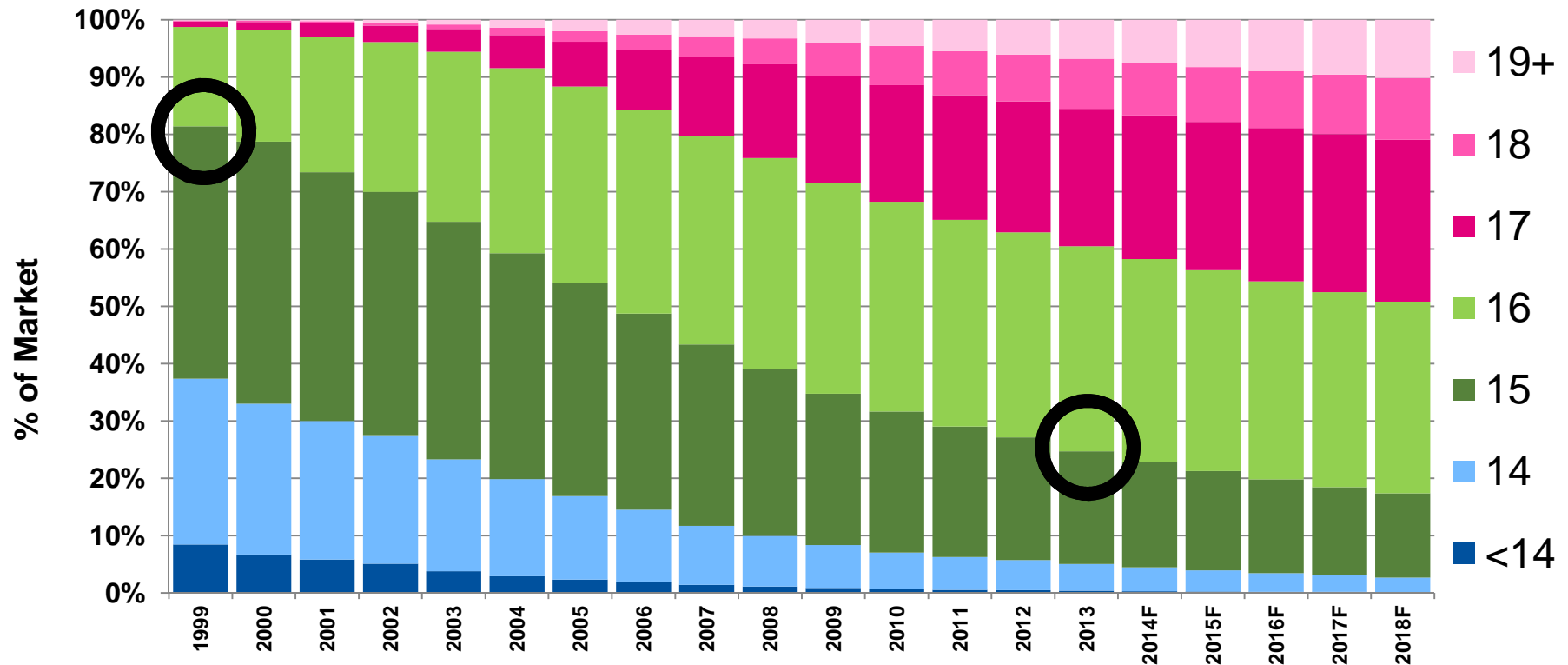
## CHANGING NORTH AMERICAN MARKETPLACE

# U.S. Market:

The average rim size in the U.S. has grown significantly since 1999



## U.S. Replacement Tire Market by Rim Size



**In 1999, 82% was ≤15' down to 25% in 2013**

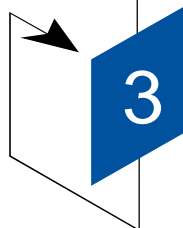
Sources: MICHELIN





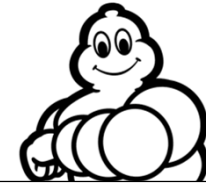


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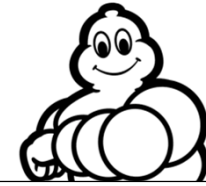
## TIRE PRODUCTION IN NOVA SCOTIA

# The Pictou Plant



- ▶ First tire in 1971
  
- ▶ Production:
  - Small dimension tires 14, 15 and 16 inch tires
  - High performance passenger car tires,
  - membrane manufacturing,
  - rubber mixing,
  
- ▶ Approx. 1,000 employees
  
- ▶ 2 other tire manufacturing plants in Nova Scotia:
  - Bridgewater (Passenger car and Light truck tires)
  - Waterville (Commercial truck, Michelin XONE and small earthmover tires)

# Project: to Reduce Tire Production at Nova Scotia Plant



## ▶ Project: to reduce tire production at Pictou

- Closure of a 4-million small dimension tire manufacturing capacity in June 30, 2015.
- Approximately 500 employees impacted.

## ▶ Transfer of Pictou tire production to other North American plants.

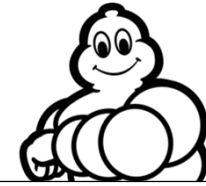
## ▶ New Pictou facility main purpose: rubber mixing.

## ▶ Firm Michelin commitment to develop individual employee support measures:

- All impacted employees will have opportunity to continue working for Michelin.
- Severance packages are available for all impacted employees.

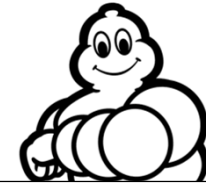
## ▶ Michelin as a Community leader: Introduction of Michelin Development to communities surrounding Pictou County.

# Nova Scotia: the Project will eventually Deliver close to CAD 50 million Gains per Annum

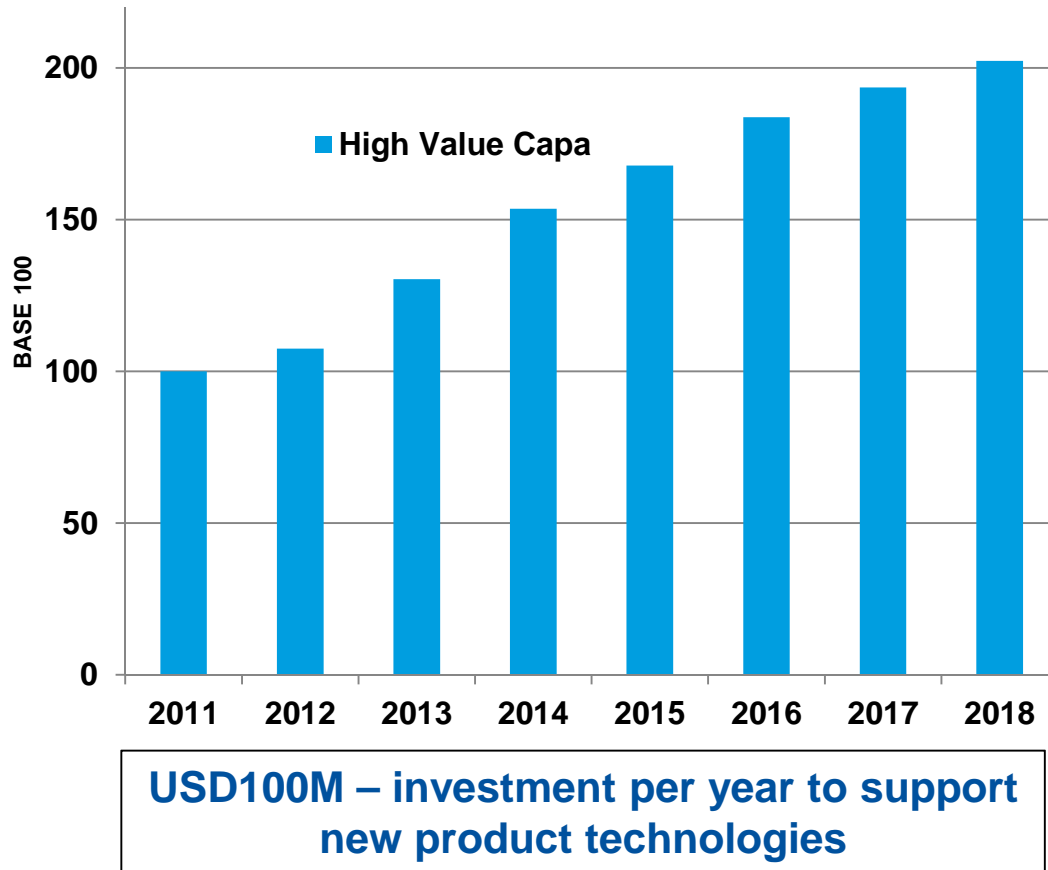


<i>In CAD million</i>	2014	2015	2016	2017	Total
<b>Non-recurring expense</b>	(87)	0	0	0	(87)
<b>O/w restructuring cash out</b>	(23)	(27)	(11)	0	(61)
					<b>Annual gains after 2017</b>
<b>Productivity gains</b>	+2	+8	+45	+46	+46

# Global Growth in North America



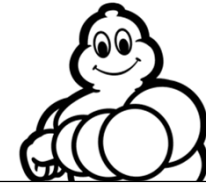
## Doubling capacities for high value tire



- ▶ Investment priorities are focused to double capacity of large (18' +) low rolling resistance tires to provide growth in these high value tire segments in advance of market demands



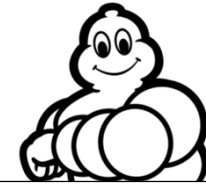
# 2014 investor calendar



- ▶ **Between the 15<sup>th</sup> and 20<sup>th</sup> of the month:** monthly market data
- ▶ **April 23, 2014:** first-quarter 2014 net sales
- ▶ **May 16, 2014:** Annual General Meeting of Shareholders
- ▶ **May 20, 2014:** Ex date
- ▶ **May 22, 2014:** Record date
- ▶ **May 23, 2014:** Dividend payment *(submitted to shareholder approval at the May 16, 2014 Annual Meeting)*
- ▶ **July 29, 2014:** first-half 2014 results
- ▶ **October 22, 2014:** third-quarter 2014 net sales
- ▶ **November 10, 2014:** Investor Day in Shenyang (China)
- ▶ **February 10, 2015:** 2014 results



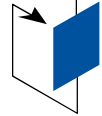
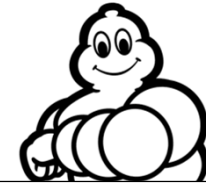
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*This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or induced by these statements."*

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