



Press Release

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With the creation of Michelin solutions, Michelin is partnering trucking companies to help them to reduce their fuel bill with an initial innovative solution called EFFIFUEL™

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Editorial

Michelin's market launch of Michelin solutions in May 2013 is the result of a long change process underpinned by two deep-seated trends:

- Business customers – vehicle fleet managers – are confronted with a highly competitive environment and are looking for practical, reliable, long-term solutions to improve the efficiency of their day-to-day operations and their profit margins.
- To derive maximum benefit from the quality of MICHELIN tires, it's important that they be supported by high-quality service.

The purpose of Michelin solutions is to design, develop and market innovative models and value creators in all areas that impact mobility, for the benefit of business customers who manage fleets of vans, trucks and earthmover equipment.

The originality of these solutions is based on several key components of the offer:

- Performance objectives that are contractually guaranteed, with gains shared with the customer.
- The integration of an array of action drivers that include more than just the tire.
- The support of an ecosystem of partners that are experts in a variety of fields – such as training, telematics and electronics – to deliver an integrated solution that is unique in the market.
- A money-back guarantee if the objectives are not met.

Today, Michelin solutions is launching EFFIFUEL™, an initial solution that pledges to reduce fuel bills for truck fleet managers in Europe.

EFFIFUEL™ integrates the main factors that influence vehicle fuel consumption, with driver training and support, the deployment of a dedicated team of Fuel Analysts to design actions that improve fuel efficiency and the implementation of systems to ensure real-time traceability of vehicle data. Other solutions to improve mobility for our business customers are being developed and will help to enrich the Michelin solutions portfolio in the years ahead.

By creating Michelin solutions, Michelin is providing its customers with the full extent of its expertise to support their transition to a world of safer, cleaner, more efficient mobility.

At the same time, Michelin solutions is addressing powerful societal expectations for sustainable progress and the constant search for greater efficiency.

Philippe Miret, Managing Director, Michelin solutions

With Michelin solutions, Michelin is innovating in fleet solutions.

**Michelin solutions is committed to partnering trucking companies
to help them to reduce their fuel bill**

Key Takeaways

Since the beginning, Michelin has been a global player in mobility, designing the best possible tires and offering a wide array of services.

Created in 2012, **Michelin solutions** is wholly dedicated to improving the efficiency of vehicle fleets and increasing their profit margins.

In France, the trucking business is in a recession that saw an 8% decline in tonnes per kilometer 2012. At the same time, diesel fuel has become truckers' biggest expense item.

The initial **Michelin** solutions offer, called **EFFIFUEL™**, represents a breakthrough innovation in the world of trucking and considerably extends Michelin's traditional business model.

EFFIFUEL™ is distributed under the **MICHELIN® solutions** brand and is a "satisfaction or your money back" type of offer that is risk-free for truckers. It illustrates Michelin's firm pledge to wholeheartedly support more efficient mobility.

Since its founding, Michelin has taken a holistic approach to enhancing mobility. In addition to designing the best possible tires for all kinds of vehicles – from bicycles to wide-body jets – the Group has also developed services to facilitate mobility. Its history has seen many significant examples of these services, including maps, guides, road signs and an itinerary office. Michelin also pioneered more efficient mobility with the invention of the radial tire in 1946 and was the first to develop fuel-efficient tires, in 1992. Michelin has always supported the sale of its tires with a service offer, which has gradually expanded to become, in some cases, a key selling point for its tires.

Today, Michelin is committed to moving up to the next level by developing new product-service solutions.

This is how Michelin's newest company, Michelin solutions, came about. Intended to serve the needs of truck, bus, car, van and earthmover fleets, it was specially created to design, develop and market innovative solutions involving more than just tires.

Practically speaking, the new company develops solutions¹ in a wide range of areas, such as outsourced tire management, vehicle productivity and fuel-savings.

Michelin solutions' objective is to become the committed partner that resolves the main mobility-related problems faced by fleet managers while supporting their growth and sharing the value created with them. The result is a contractual agreement between the customer and Michelin solutions that specifies the resources to be deployed and the objectives to be met.

This agreement is possible thanks to:

- Michelin's experience in fleet management. For more than 70 years, Michelin has supported fleet managers and enabled over 500,000 vehicles to benefit from its services. A dedicated unit, Michelin Fleet solutions, was created in 2001.
- A unique ecosystem of experts supported by partners carefully selected for their expertise and technological leadership in such areas as cloud computing, telematics, electronics, driver training and fleet management. This role as a systems integrator enables Michelin solutions to shorten time-to-market by leveraging a range of recent market innovations that involve more than just tires. Accenture², Atos Worldline³ and TyreCheck⁴ are three of the selected partners with whom Michelin has developed a unique, networked, global platform of solutions to more effectively serve its customers.

¹ A solution is a combination of products, services, field specialists, innovative technologies and IT systems, among others.

² Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With approximately 266,000 people serving clients in more than 120 countries, the company generated net revenues of US\$27.9 billion for the fiscal year ended August 31, 2012. www.accenture.com

³ With 40 years of experience in payment services, Atos Worldline brings together Atos' core expertise in Hi-Tech Transactional Services. A leader in end-to-end services for critical electronic transactions, Atos Worldline is specialized in electronic payment (issuing, acquiring, terminals, card and non card payment solutions & processing), eCS (eServices for customers, citizens and communities) as well as services for financial markets. Atos Worldline's on-going commitments to research and innovation enable its customers to benefit from award-winning solutions and to anticipate market developments. Atos Worldline generated revenues of €927 million in 2012 and employs over 5,300 people in the world. For more information: www.atosworldline.com

⁴ Based in Ireland, TyreCheck™ is specialized in services and software. Founded in 2006, the company has enjoyed steady growth each year. TyreCheck™ provides automated solutions for the world's leading tire manufacturers and dealers as well as fleet managers. Its Inspection Management and Tyre Management system offers customers and partners automated solutions that cover all aspects of the business - sales, inspection, management, reporting and sourcing - through the provision of appropriate tools that help to improve business efficiency and customer satisfaction while lowering service and inventory management costs. TyreCheck™ solutions are used in 18 countries around the world and nearly one million vehicles are managed through its database. TyreCheck™ is continuing to grow and develop its offer, along with its partners. Its goal is to penetrate new markets and become the world leader in innovative management solutions. www.tyrecheck.com

- A partnership designed to work closely with customers through expert Key Account Managers, fleet operators and auditors, business support teams and the Michelin solutions solutions center.
- A global presence. Michelin solutions has been operational in Europe since May 2013 and will be deployed in North America, South America and China in 2014 and 2015. Michelin solutions can rely on a network of service partners that extends around the world.

EFFIFUEL™: an initial innovative solution that is immediately available

With the launch of EFFIFUEL™, its first solution for truck fleets, Michelin solutions is working with truckers to reduce their fleet fuel bill. In the world of transport, as in the world of mobility in general, this mutual commitment represents a breakthrough innovation that provides new solutions to an industry in search of profitability, whose demand has been steadily declining in recent years because of the recession in Europe. EFFIFUEL™ enables Michelin to enter a new phase in the product-service system and to further extend this new business model, developed from Michelin Fleet solutions.

Fuel: the most easily accessible lever to improve profit margins

EFFIFUEL™ represents the Michelin solutions pledge to trucking companies to help them reduce their fuel bill, which represents a substantial portion of their operating budget:

- Forecasts see an annual increase in the net price of diesel fuel of 3 to 4% in the years ahead. In Western Europe, the price of diesel fuel at the pump rose by 4% a year between 2005 and 2012.
- Fuel accounts for nearly 30% of fleet expenses in Western Europe and for up to 40% in Central Europe. In France, fuel is a trucking company's largest expense item.
- For a truck driven 120,000 kilometers a year, the monthly fuel budget may equal or exceed the annual tire budget.
- In Western Europe, it is estimated that the annual profit generated by a tractor-trailer operated over the entire year is around a net €3,000.

In addition to business concerns, there are also legal constraints. In France, for example, the "ecotax" levied on trucks will be based on CO₂ emissions, which are directly related to fuel consumption. That's why it's in everyone's interest to optimize this budget item.

In this joint approach to enhance efficiency, the most revealing indicator will be the amount of CO₂ emitted per tonne carried. This amount is directly proportional to the number of liters of fuel consumed, with a liter of diesel fuel releasing the equivalent of 2.65 kilograms de CO₂.

Case study: What gains can a trucking company hope for with EFFIFUEL™?

Fuel represents around 29% of per-kilometer operating costs for a 40-tonne tractor-trailer combination driven some 120,000 kilometers a year.

For the same category of vehicle driven 90,000 kilometers on regional roads, fuel represents 26% of per-kilometer operating costs. While a regional transport vehicle covers fewer kilometers, its fixed costs are the same and the number of kilometers traveled when the trailer is empty is generally higher.

A reduction in fuel consumption of 2.5 liters per 100 kilometers represents an annual savings of:

- €3,200 for long-haul transport. This means a reduction of at least 2.1% in total cost of ownership and of eight tonnes in CO₂ emissions.
- €2,400 for regional transport. This means a reduction of at least 1.9% in TCO and of six tonnes in CO₂ emissions.

As a result, a company with a net margin of 2% will see that figure double, while a company at breakeven will return to profit.

These amounts are calculated on costs in Western European countries.

Based on costs in Eastern Europe countries, with a truck covering more than 150,000 kilometers a year and wages at 40% of Western European levels, the fuel-savings for a 40-tonne tractor-trailer amounts to €4,200, or a 3.5% decline in TCO.

Michelin solutions EFFIFUEL™: a commitment measured in liters per 100 kilometers

The partnership that Michelin solutions is offering to trucking companies is unlike any other on the market today.

The EFFIFUEL™ solution aims to help truckers contain and reduce their fuel costs. Depending on the fleet's initial situation, Michelin solutions, working with the company, defines a contractual commitment based on fuel savings and the resources to be deployed to attain them, with the gains generated by the solution to be shared by the partners.

An array of levers are installed by Michelin solutions to help trucking companies reduce their consumption. Among the most important are:

- Eco-driving training courses provided by experts and monitoring of drivers' at-the-wheel behavior based on individual eco-scores.
- Michelin solutions Fuel Analysts, who are experts in gathering and studying data that influence fuel consumption.
- The installation of telematic display units that give truckers visibility and help them remotely analyze vehicle parameters and track fuel use.
- Outsourcing and optimization of tire management, based on a per-kilometer price to reduce fuel consumption. This lever includes the installation of a tire pressure monitoring system (TPMS) to improve the safety of the driver, the truck and the freight.

"Some of these services already exist individually," explains Franck Estoquié, Chief Marketing Officer, Michelin solutions. "What's new is to be able to package them together in the same solution, manage them efficiently and make a long-term commitment."

Truckers are offered four-year contracts. An initial audit of vehicle types, tires, itineraries, load weights and driver habits then helps to define the objective, measured in liters per 100 kilometers. Michelin solutions Fuel Analysts conduct in-depth studies and make regular reports. "The idea is not to replace fleet managers but rather to provide them with resources, visibility and advice to optimize their operations and involve us in the process," says Estoquié. "If the jointly set goal is met, we share the gains. If it is not, Michelin solutions reimburses a portion of the expenses incurred on a pro rata basis." Thus for truckers, the operation is risk-free and may enable the company to considerably improve its operating margin.

Michelin solutions' EFFIFUEL™ offering can be used for all vehicle types and truck brands.

In this way, Michelin solutions creates value both for the customer and for Michelin.

The goal is to deploy Michelin solutions in most European countries throughout 2013 while also covering the North American market in the near future. While the first solution – EFFIFUEL™ – is intended for truck fleets, Michelin solutions will eventually also meet the needs of other fleets, including passenger cars, vans and earthmover equipment.

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Michelin Group Milestones

For more than a century, MICHELIN has dedicated all its expertise and innovation to enhancing mobility for motorists around the world.

- 1889:** Founding of **Michelin et Cie**.
- 1891:** Michelin files its first patents for removable and reparable tires.
- 1895:** Michelin introduces Éclair, the first car to be fitted with pneumatic tires.
- 1898:** Birth of **Bibendum**, the Michelin Man.
- 1900:** First **Michelin guide** published.
- 1905:** Introduction of the **semelle Michelin** tread with hobnails to improve tire grip and durability.
- 1910:** First 1/200,000 scale Michelin **road map** published.
- 1913:** Michelin invents the **removable steel wheel**.
- 1923:** First **low-pressure car tire** (2.5 bar).
- 1926:** Michelin creates its first **Green Guide** for tourists.
- 1930:** Michelin files a patent for the **integrated tube tire**.
- 1938:** Michelin launches **Metalic, the first truck tire with a steel casing**.
- 1946:** Michelin invents the **radial tire**.
- 1959:** Michelin introduces the first radial tire for earthmovers.
- 1979:** The Michelin radial tire wins the Formula 1 championship.
- 1981:** The MICHELIN Air X is the first radial aircraft tire.
- 1989:** Michelin launches the first online travel itinerary service, on France's Minitel teletext network.
- 1992:** Launch of the fuel-efficient MICHELIN ENERGY™ tire.
- 1993:** Michelin invents the new C3M tire manufacturing process.
- 1995:** The US space shuttle lands on MICHELIN tires.
- 1996:** Michelin invents the vertically anchored PAX System tire.
- 1998:** The first Michelin Challenge Bibendum, the world's leading clean vehicle event.
- 1998:** The Michelin Man's 100th birthday.
- 2000:** Michelin Man voted best logo of all time by an international jury.
- 2001:** Michelin introduces **Michelin Fleet solutions**, to support truck fleet operators.
- 2001:** Michelin brings to market the world's largest earthmover tire.
- 2003:** Launch of MICHELIN brand automotive accessories.
- 2004:** New corporate signature introduced: **"Michelin, a better way forward."**
- 2004:** Launch of the MICHELIN XeoBib, the first agricultural tire that operates at constant low pressure.
- 2005:** Michelin provides tires for the new Airbus A-380 aircraft - **Launch of the MICHELIN Power Race, the first dual compound racing tire approved for road use**.
- 2006:** Michelin revolutionizes truck tires with MICHELIN Durable Technologies.
- 2007:** Launch of the new MICHELIN ENERGY™ Saver tire, which reduces fuel consumption by nearly 0.2 liters per 100 kilometers, thereby lowering carbon emissions by almost 4 grams per kilometer.
- 2008:** Introduction of the new MICHELIN® X® ENERGY™ SAVERGREEN truck tire.
- 2009:** 100th edition of the MICHELIN guide France.
- 2010:** Market launch of the MICHELIN Pilot Sport 3 and MICHELIN Pilot Super Sport tires.
- 2012:** Launch of the MICHELIN Primacy 3 tire in Europe.

2012: European launch of two new high-performance winter tires, the MICHELIN Pilot Alpin and MICHELIN Latitude Alpin.

2013 Market launch of the MICHELIN X LINE Energy range of Truck tires in Europe.

Michelin solutions Key Figures

Founded	2012
Number of employees:	around 800
Number of vehicles under contract	approximately 500,000

Michelin Group Key Figures

Founded:	1889
Production base:	69 production sites in 18 countries
Number of employees:	113,400 worldwide
Technology Center:	More than 6,600 people on 25 sites on three continents: North America, Europe and Asia
Annual research and development budget:	€622 million, up 5.1% over 2011
Annual output:	166 million tires produced, 10 million maps and guides sold in more than 170 countries, and 970 million itineraries calculated by ViaMichelin.
2012 net sales:	€21.5 billion