



## Market

The wheel is an ancient device which dates back in ancient Mesopotamia during the fifth millennium BC. However, it was during the twentieth century that our lives were changed beyond recognition by the use of cars, trucks, aeroplanes, trains and subway systems. Hand in hand with this development has been the monumental growth of the global tyre industry.

Even today, the global tyre industry is still developing. The pace of change has increased over the last few years, and new demands and pressures continue to accelerate the industry, such as market maturity, improvements in materials, changes in design and unprecedented public concern with tyre performance and safety.

The worldwide market in terms of product lines is led by passenger cars and light trucks, representing 63.3% of the market, trucks with 25%, earthmovers with 5.1%, two wheels vehicles with 3.9%, agricultural implements with 2.2% and others totalling 0.5% (Source: Michelin Fact Book 2005).

In Romania, Michelin operations started with the acquisition of part of Tofan Group. The investment in modernisation, the upgrading of production processes and technology transfers increased in the output of the new company on the Romanian market.

The main productive assets purchased by Michelin in Romania are the Sylvania tyre plant near Cluj and the Victoria tyre plant near Ploiești. In 2004, Michelin Romania built RomSteel Cord plant in Zalău.

## Achievements

In the space of a century, Michelin has become one of the leaders of the tyre industry. Present all over the world, Michelin mainly manufactures tyres and wheels, but also products designed to make travelling easier. All over the world, people drive on Michelin tyres and find their way around using Michelin maps.

Michelin expansion started in Clermont-Ferrand, in

the Auvergne region (France), at the end of the nineteenth century. Today, the company operates in 70 manufacturing locations all over the world.

Michelin owns six rubber plantations in Africa and South America and has technology centres

by a panel brought together by the Financial Times newspaper.

## History

Incorporated on May 28<sup>th</sup> 1888, Michelin started out by working with vulcanised rubber during the 1830s, before the company moved on to tyres for bicycles and later for cars. Until 1889, the Michelin factory, based at Clermont-Ferrand in France, was primarily producing rubber articles and general farming implements.

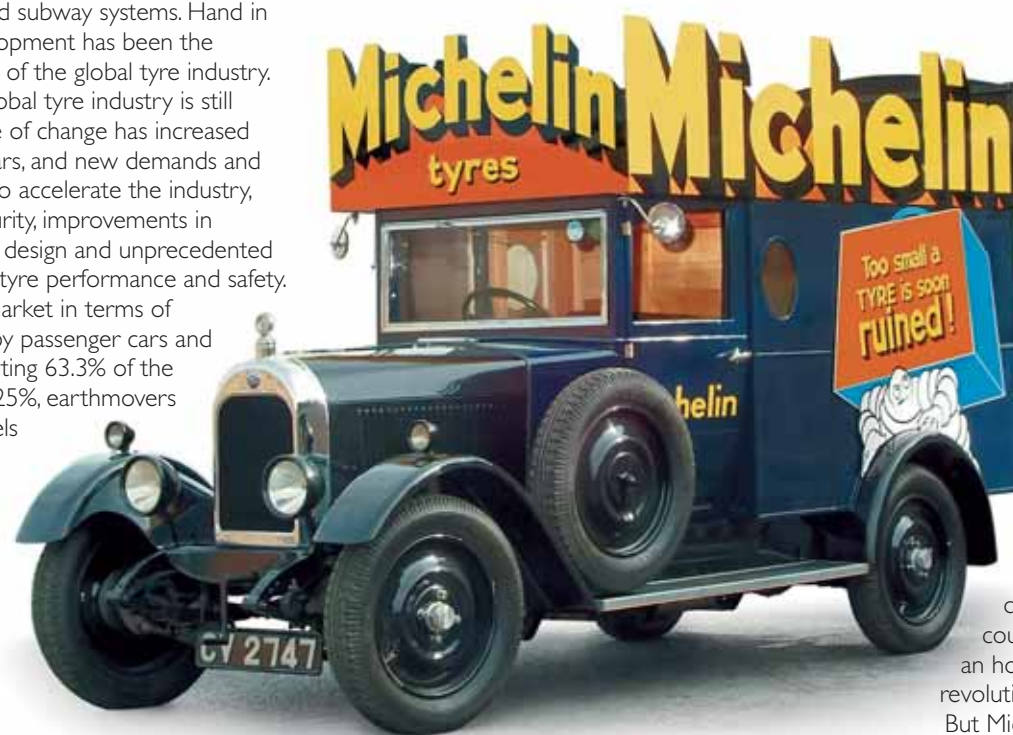
One day, a cyclist with a puncture in both his tyres, arrived at the factory in an ox cart. André and Edouard Michelin, the brothers who controlled Michelin, spent many hours repairing the tyre but it soon punctured again. This situation puzzled Edouard Michelin, so that he spent some time devising a solution: a detachable pneumatic tyre, which could be repaired in just a quarter of an hour. This development was to revolutionise the global transport industry. But Michelin's great breakthrough came with the car: At the end of the nineteenth century, the wheels of horse-drawn or motorised vehicles were either steel-rimmed or fitted with solid tyres. Because of the vehicle's weight and the condition of the roads, engine parts broke frequently. Michelin therefore set out to perfect a tyre that would absorb the shocks, making it more suitable for motor cars. To demonstrate their pneumatic tyres, the Michelin brothers entered a car race from Paris to Bordeaux and after a series of trials, breakdowns and even a fire, finished ninth out of 210 competitors.

Right from the turn of the century, the Michelin brothers had an international vision of the market. By 1905, a trading house had been set up in London. A manufacturing facility in Italy, very close to the FIAT factories, followed in the next year. Building on the company's successes in car races around the world, Michelin bought a US rubber company and started manufacturing tyres in the US a year later.

When the World War I ended, Michelin turned its hand to airplane manufacture and made 1,884 planes for the French war effort.

At the end of the World War II, supported by its wartime research, Michelin embarked on the adventure of radial technology. In 1946, Michelin registered the world's first radial tyre, known as the Michelin X - the prototype of the pneumatic tyre we use today. This was truly a momentous event for the tyre industry.

During the 1970s, Michelin underwent



on three continents (Europe, Asia and North America). There are more than 127,000 people working for the Michelin Group worldwide, including 4,000 researchers. In time, the company has developed a sales network covering more than 170 countries.

Over the years, Michelin has consolidated its status by pioneering tyre products which have set standards for the entire industry.

Michelin has consistently pursued an effective marketing strategy, catapulting its Bibendum Michelin Man corporate symbol, the mascot born of the Michelin brothers' imagination, into the ranks of the great icons of brand history. In 1998, Michelin celebrated the centenary of its famous and instantly recognisable symbol.

Bibendum has enjoyed enduring popularity, representing the driving force behind the company. As a result, it was voted as being the Century's Best Symbol in 2000,



explosive growth, with 23 new plants to manufacture radial tyres being constructed. In the US, on the hotly-contested market for passenger vehicles, Michelin was by then the foremost supplier of tyre equipment. In 1990, with the acquisition of the Uniroyal Goodrich Tyre Company, Michelin had become the world's leading tyre manufacturer.

## Product

Michelin provides over 3,500 types of tyres for virtually all kinds of vehicles including bicycles, motorcycles, cars, trucks, trains, aeroplanes and even the NASA space shuttle. The company has been a pioneer of the industry since 1889 when it developed its first detachable pneumatic tyre. Other firsts have included the pattern tread (1905), the twinned wheel used on buses and heavy goods vehicles (1908), rail-tyres called "Michelines" (1929), the radial tyre developed in secret during World War II (1946) and now, as a standard for most motor-vehicles, tyres for aircrafts like the Boeing 777 (1980s) and tyres for underground trains, first used in Montreal in 1951.

Michelin has also developed tyres for rallying and racing, and provided invaluable help to different teams in winning the Formula 1 World Championship.

A particularly successful offshoot of Michelin's core activity has been Michelin road maps and guides. The intention behind the creation of the maps was to get more people onto the roads. André Michelin, an ex-official at the French Ministry of the Interior Map Department, supervised the publication of the first Michelin Guide in 1900.

The Michelin's consolidated sales reached 15.59 billion euros in 2005, while its yearly production reached 194 million tyres and twenty million maps and guides.

## Recent Developments

Michelin has made great leaps forward in tyre safety, as well as in durability and speed. In 1992, responding to public environmental concerns, Michelin made an innovative move by developing the Green Tyre. This reduces rolling resistance, thus saving fuel and helping to reduce pollution. A range of energy-saving tyres, under the Energy brand are available for cars.

In 1998, Michelin invented the Pax System, which allows continuing driving with a flat tyre after loss of pressure, without damaging the



wheel, the tyre unit, or compromising passenger safety.

Since 1900, Michelin has aimed to offer travel assistance through maps and guides. Thus the Red Guide, which was created in 1900 as a practical manual for travellers, provided information useful to drivers travelling in France, allowing them to refuel and repair their vehicle, find accommodation and food, and correspond by mail, telegraph and telephone. Since the 1950s, the Michelin Guides have been extended beyond France.

In 2001, Michelin launched a new concept of travel support through its digital unit ViaMichelin. With 26 million hits a month, www.ViaMichelin.com is the most popular travel site in Europe (Source: Nielsen/NetRatings, February 2006). The number of visitors to the site continues to grow and regularly exceeds one million a day.

## Promotion

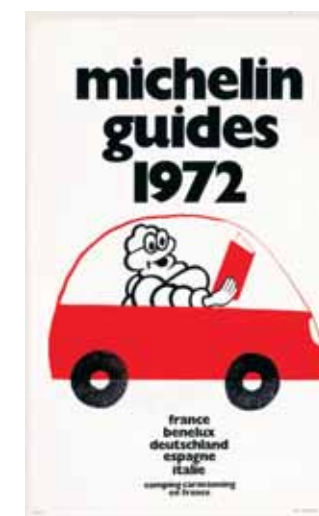
Michelin secured a strong marketing presence with its familiar Bibendum symbol, the Michelin Man. This congenial figure built out of tyres has been used in all Michelin's poster/TV advertising, corporate literature, and features on all Michelin road maps. It has even been converted into key-rings, inflatable balloons, desktop models and toys. Bibendum is one of the oldest and best-loved corporate logos in the world.

It was created after an idea by Edouard Michelin, at an exhibition in Lyon in 1894, when a stack of tyres seemed to him, to almost resemble a human figure. His brother André, with the artist O'Galop, conceived the Michelin Man in 1898, in a now-famous poster of a round 'bon vivant' wine drinker made of tyres, raising a glass of road debris. A sign overhead read "Nunc est Bibendum" - "now is the time to drink". The name Bibendum was coined by a famous racing driver, Therly.

Since May 2004, the Michelin logo has been accompanied by a unique corporate baseline: "A better way forward".

In 2006, a 3D Bibendum has been chosen as the spokesperson for the new Michelin European Communication campaign.

In addition to its high-profile TV and press advertising campaigns, Michelin also publishes Michelin Sport, highlighting the company's strong associations with rallying, touring cars and motorcycle racing. Michelin's notable Formula 1 Grand Prix successes have been with Renault and Ferrari. In 2006, Michelin celebrated its 100<sup>th</sup> triumph in Formula 1 - the victory of Alonso, the youngest Formula 1 winner.



## Brand Values

Michelin is a truly international brand with an outstanding heritage. It is renowned for its pioneering and groundbreaking achievements in the tyre industry. These feats have been achieved through a full understanding and anticipation of customer needs, combined with an open-minded approach - learning from past experiences, but continually looking beyond the here and now to something even better.

Michelin is always prepared to "take a great tread forward". Michelin's mission is to contribute to aiding the mobility of people and goods, by

facilitating safe, efficient and enjoyable travel.

The development of the Michelin Group is based around five values: respect for customers, respect for people, respect for shareholders, respect for the environment, and respect for facts.

## www.michelin.com



## THINGS YOU DIDN'T KNOW ABOUT

### MICHELIN

- ▶ The Michelin Man, Bibendum, is so important that only a few select artists at any time are permitted to draw him, to ensure that he always looks the same all over the world
- ▶ To produce Bibendum in 3D, Michelin used the same techniques used to make the movies "Finding Nemo" and "Shrek"
- ▶ During the 1930s, Michelin bought the beleaguered Citroen Car Company and restored it to the status of a great French carmaker
- ▶ Each day, Michelin produces an average of 770,000 tyres, 95,000 inner tubes and four million km of cable
- ▶ At the beginning of the twentieth century, the first electric car, known as "La Jamais Contente" (The Never Satisfied), was the first automobile to travel at over 60 miles per hour. At that time, it was the fastest car ever. It rode on Michelin tyres