



July 26, 2016

FIRST-HALF 2016 RESULTS

Operating income from recurring activities of €1.4bn, up €241m at constant exchange rates

- Passenger car and Light truck tire markets rose over the period, but leveled off in the second quarter; Truck tire markets less dynamic and Earthmover markets still decreasing
- Volumes up 2.5%, beating the market in every segment
- 13.7% operating margin on recurring activities, up 1.7 points
- Changes in the price mix / raw materials effect had a positive impact of €115m, thanks to effective management and a favorable basis of comparison
- €155m in gains from the competitiveness plan offset inflation
- Positive free cash flow of €8m, representing a €108m improvement from First-Half 2015 before acquisitions
- Share buybacks: a €150m tranche was completed in the first half; a new €150m tranche is scheduled for launch in the second half
- 2016 guidance confirmed

Above-market growth in every business segment

Volumes variation	H1 2016
Passenger car* Markets	+4% +2%
Truck* Markets	+1% -1%
Specialty Markets	-2% -2%/-5%**

* And related distribution

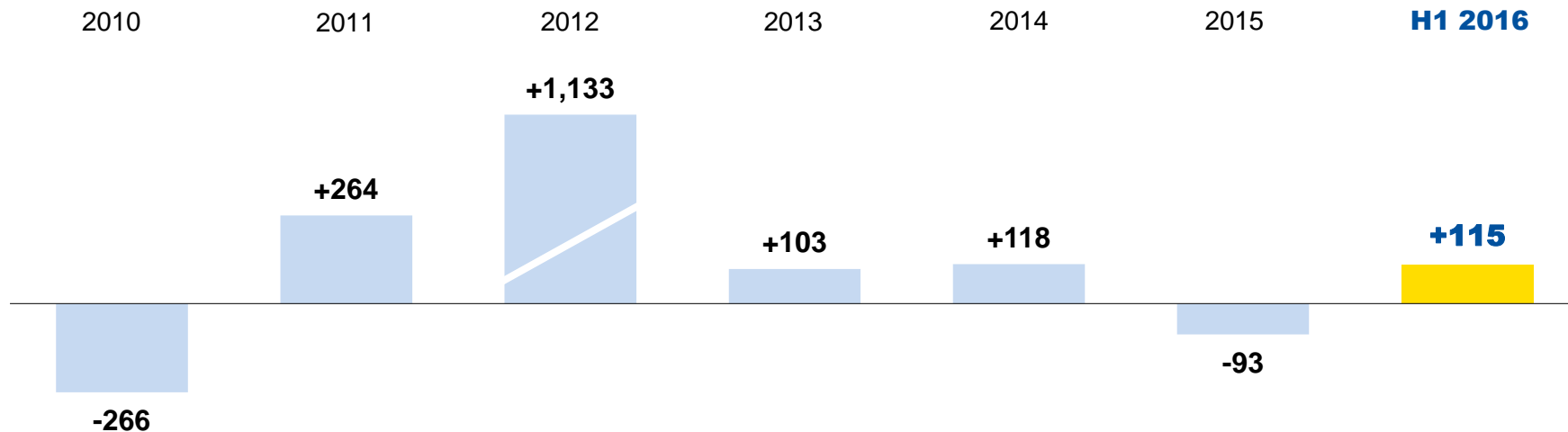
** Annual markets estimate

Source: Michelin



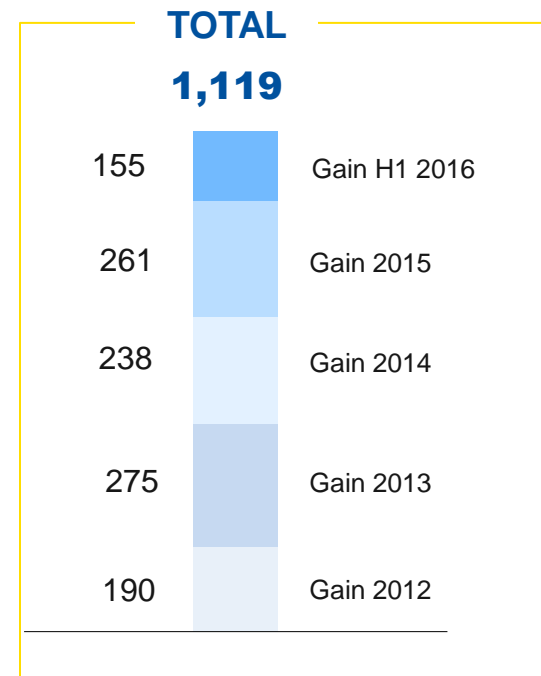
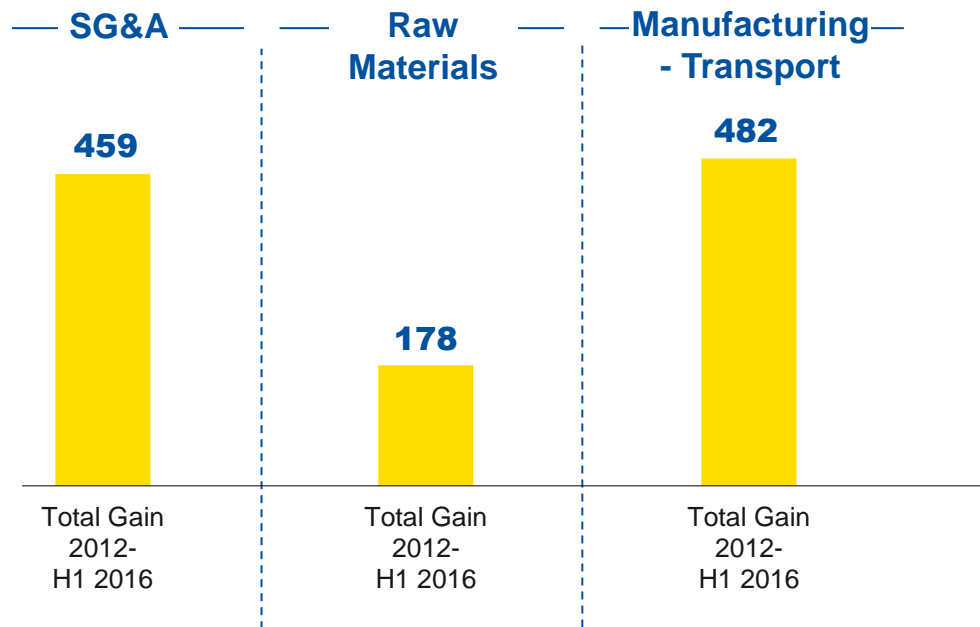
Improvement in unit margin due to effective pricing management over time

▲ Net effect of price mix / raw materials on operating income
(in € millions)



Competitiveness plan on track to reach €1.2bn target

▲ Gain objectives* 2012-2016: €1,200m



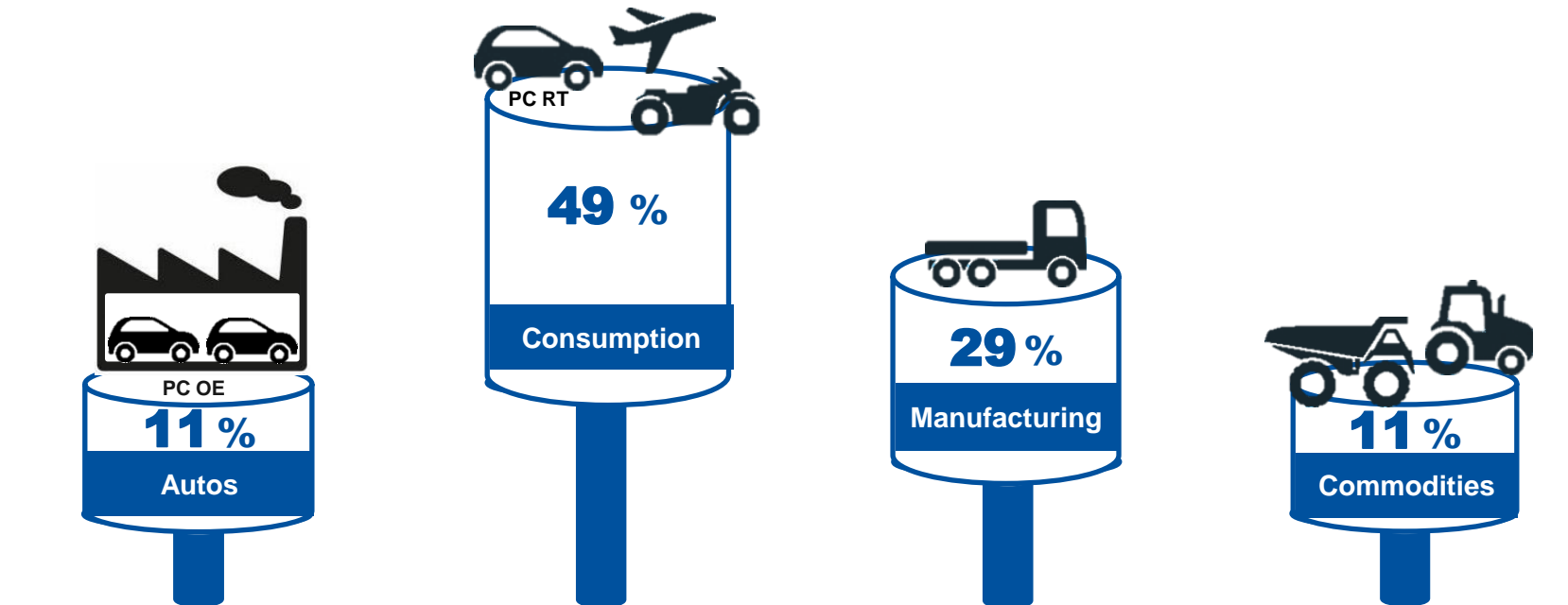
* Before inflation and including avoided costs

2016 guidance confirmed

	2016
Volumes	Above-market growth
Operating income from recurring activities at constant exchange rates	> 2015
Structural FCF	> €800m

A business model with a low correlation to the auto sector

▲ Net sales by economic drivers



Breakdown of 2015 Net sales

July 26, 2016

FIRST-HALF 2016 RESULTS



- 1 / Improved operating income in H1 2016**
- 2 / Solid Balance Sheet**
- 3 / 2016 guidance confirmed**

July 26, 2016

FIRST-HALF 2016 RESULTS

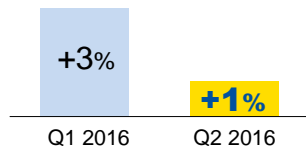


1 / Improved operating income in H1 2016

Sluggish market growth in Q2



PASSENGER CAR: +2%



Global OE: +2%

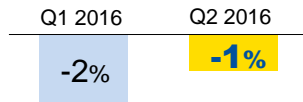
- Growth in mature zones, China and India

Global RT: +2 %

- Dynamic demand in Western Europe and in North America driven by imports and high inventories
- Sustained growth in China



TRUCK: -1%



Global OE: +0 %

- Growth in Western Europe and in India, decrease in North America on high basis

Global RT: -2 %

- Increasing markets in Western Europe and in North America on high imports
- Down in China, the world's largest market



SPECIALTY: -2%/-5%*

- Mining tires: demand down as mining companies complete inventory drawdowns
- Agricultural tires: stabilizing at low level in mature economies
- Aircraft and Two-Wheel tires: continued growth

* Full-year market estimate

Keeping up with dynamic products launches

Passenger car

MICHELIN Defender LTX



MICHELIN Pilot Sport 4



MICHELIN CrossClimate



MICHELIN XCD2



Cavity Foam
« Acoustic »



Truck & Bus

MICHELIN X-One Urban bus



MICHELIN X Multi3D



MICHELIN XWorks



Convoi TripleA



MICHELIN X Line Energy Z



Specialty



MICHELIN Anakee Wild



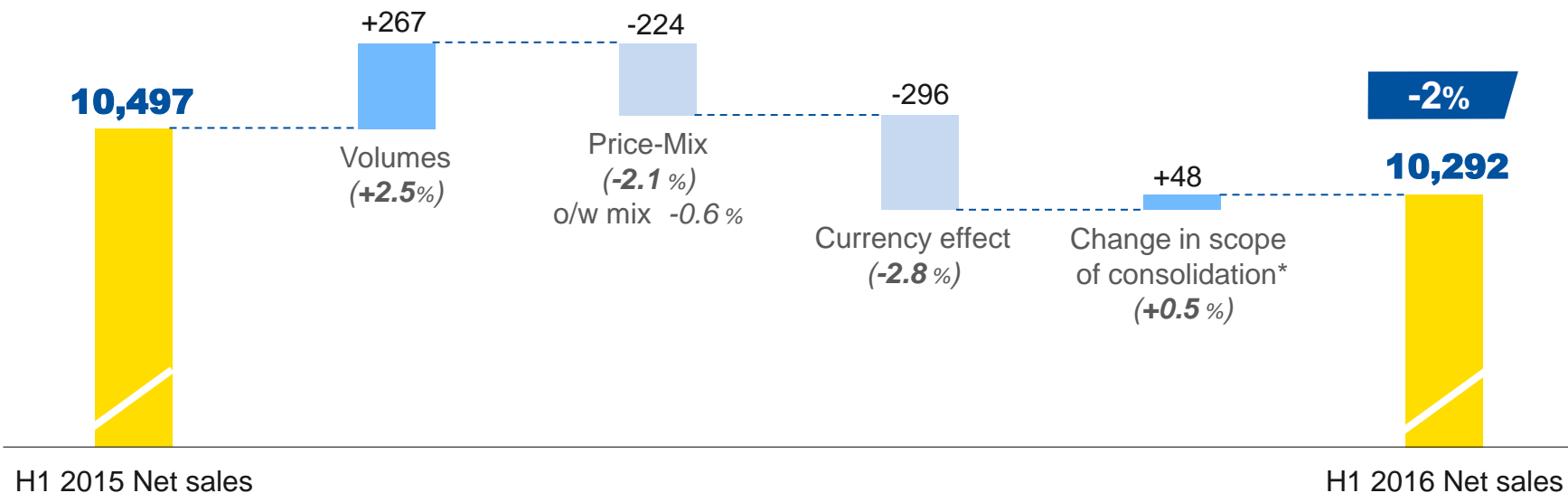
MICHELIN XDR250



Brazil: first tire produced locally

Net sales lifted by higher volumes

▲ YoY change:
(in € millions and %)

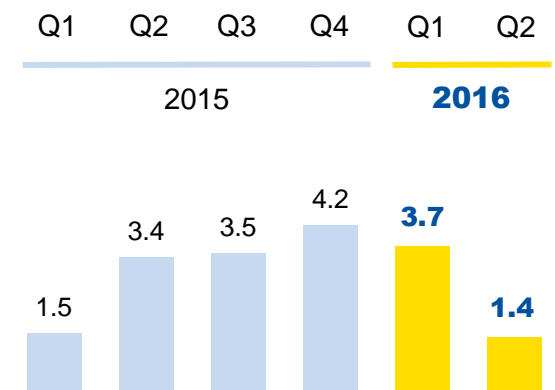


* Meyer Lissendorf, Blackcircles, BookaTable

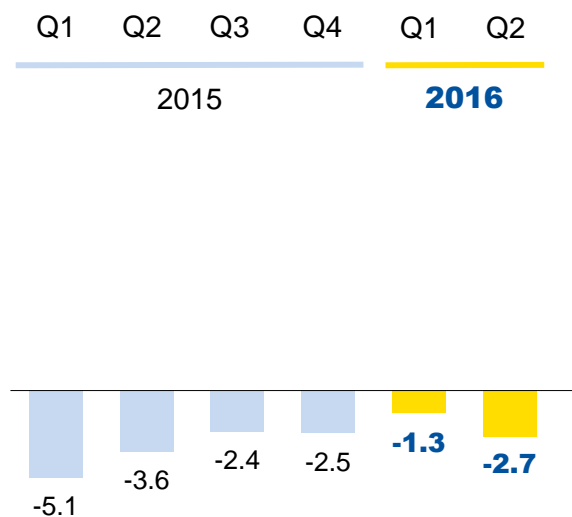
Less favorable basis for comparison in Q2

▲ YoY quarterly change (in %)

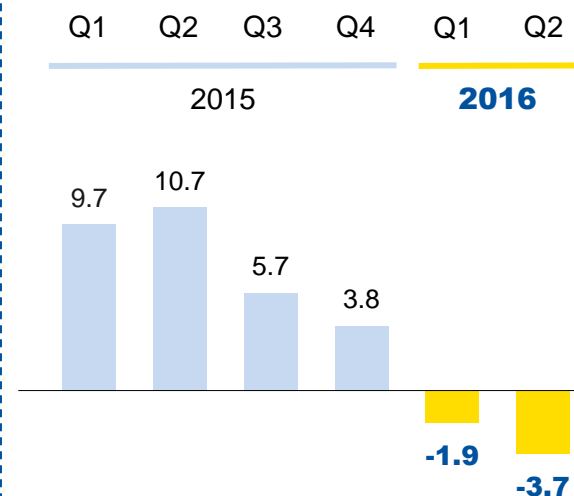
Volumes



Price-Mix

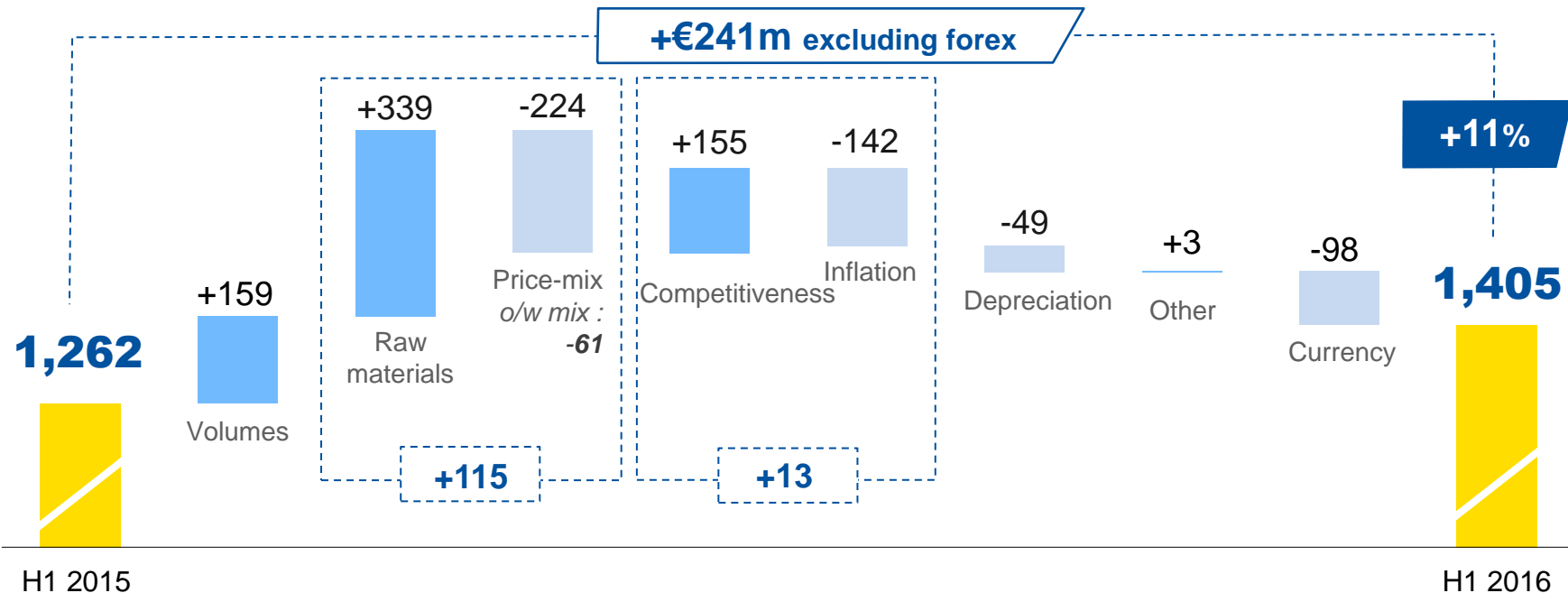


Currency effect



Operating income up €241m at constant exchange rates

▲ YoY change in operating income from recurring activities* (in € millions)

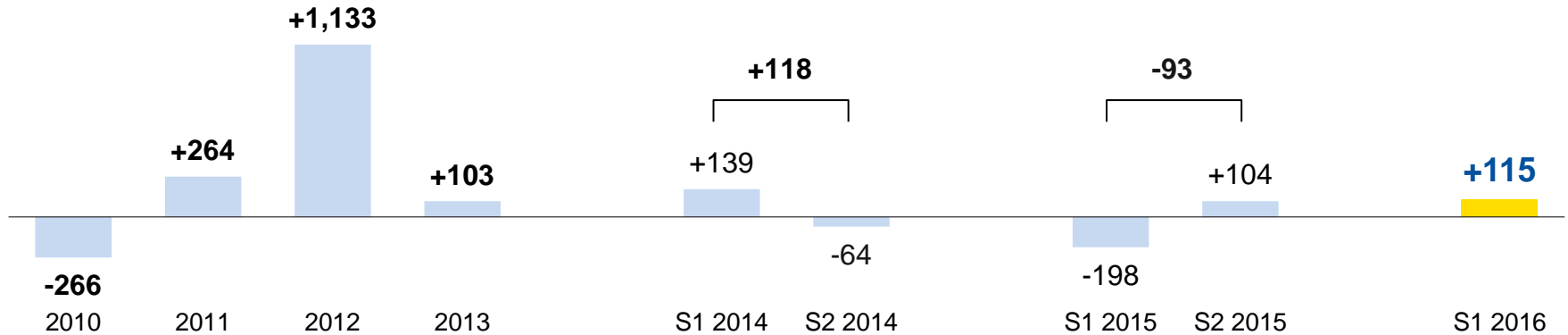


* To make its operating performance easier to understand and analyze, Michelin now presents "Operating income before non-recurring income and expenses" as "Operating income from recurring activities" and has refined its definition.

Improvement in unit margin due to effective pricing management over time




▲ Net effect of price mix / raw materials on operating income

(in € millions)



- H1 2016: price mix / raw material effect was a negative €20m for indexed businesses and a positive €135m for the non indexed businesses

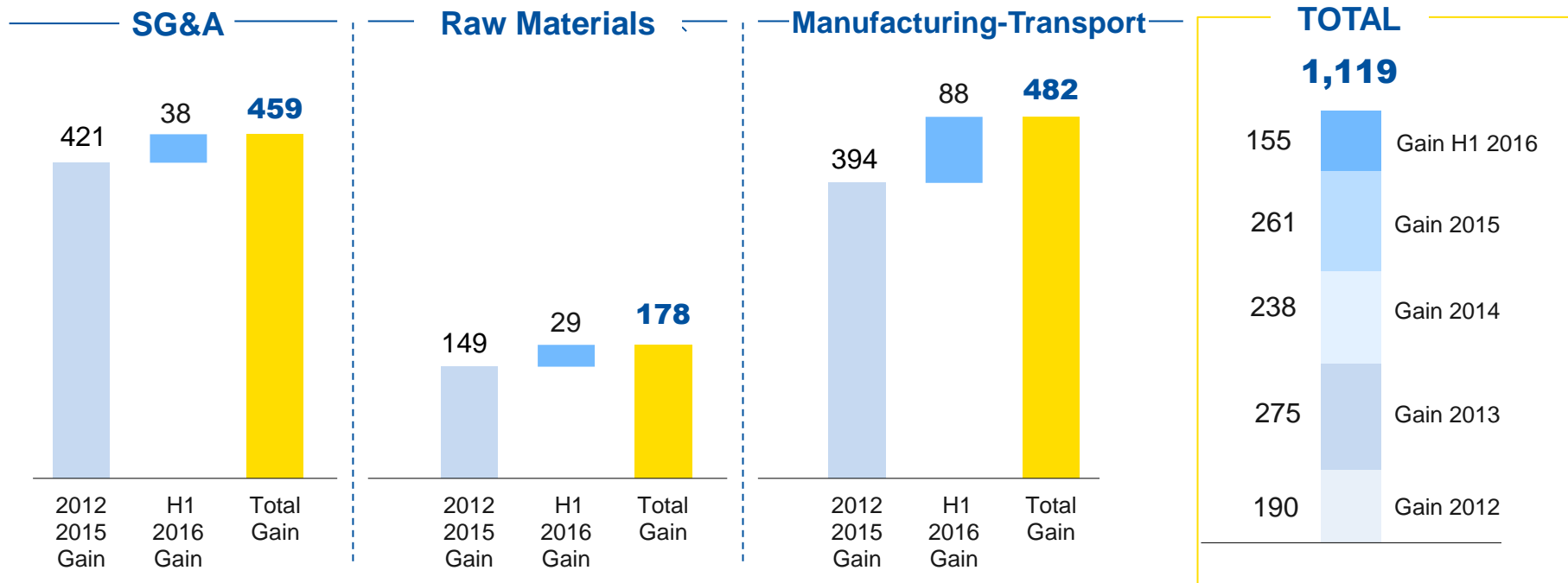
High margins for RS1 and RS2 and firm resilience in RS3

<i>(in € millions)</i>		H1 2016	H1 2015	% change
	RS1 Net sales	5,916	5,860	+1 %
	Operating profit*	814	632	+29 %
	Operating margin*	13.8 %	10.8 %	+3 pts
	RS2 Net sales	2,907	3,068	-5 %
	Operating profit*	288	293	-2 %
	Operating margin*	9.9 %	9.6 %	+0.3 pts
	RS3 Net sales	1,469	1,569	-6 %
	Operating profit*	303	337	-10 %
	Operating margin*	20.6 %	21.5 %	-0.9 pts

* from recurring activities

Competitiveness plan on track to reach €1.2bn target

▲ Gain objectives* 2012-2016: €1,200m



* Before inflation and including avoided costs

July 26, 2016

FIRST-HALF 2016 RESULTS

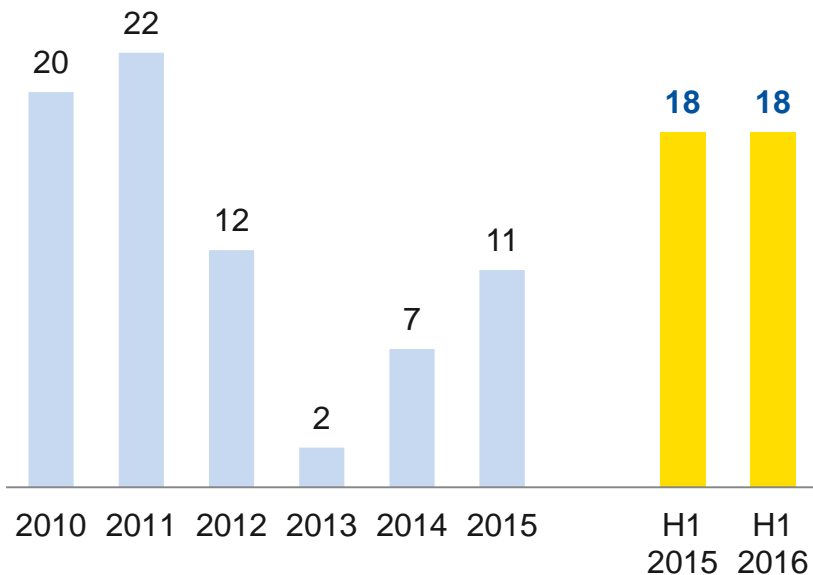


2 / Solid Balance Sheet

Balance sheet still robust after share buybacks, greeted by the rating agencies

▲ Gearing

Net debt/Equity, in %



▲ S&P raised our Long term Debt rating

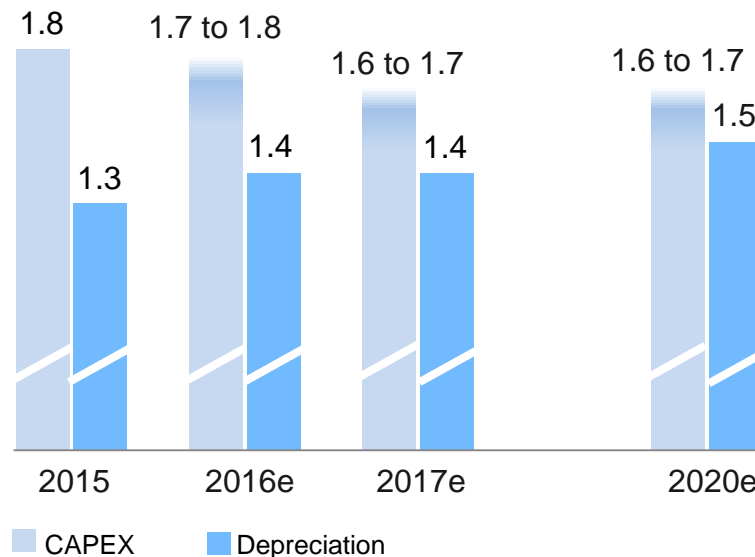
Short term	S&P Moody's	A-2 P-2
Long term	S&P Moody's	A- A3
Outlook	S&P Moody's	Stable Stable

Investing to create value

- ▲ Succeed in our priority Capex and M&A investment to capture growth
 - In the supply chain, to improve customer services (IS, logistics centers)
 - In growing markets: PC premium tires, Mexico and Asia
 - In Digital services
 - In raw materials and semi-finished products



- ▲ Reducing the gap between capital expenditure and depreciation
(in € bn, at current exchange rates)



New plant in León, Mexico to produce premium Passenger car and Light truck tires

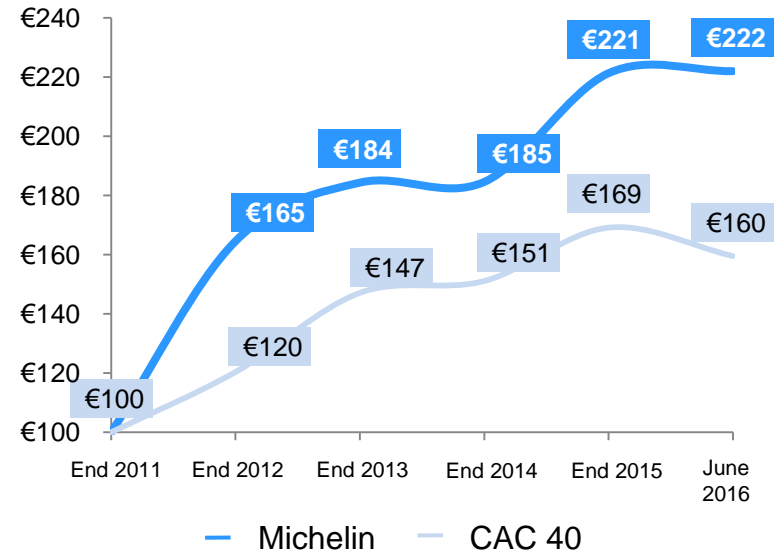
- Capacity:
 - First tranche: 4 to 5 million MICHELIN PC tires
 - Approx. 60,000 tonnes
 - 80% of tires produced are 18' and more
- Investment:
 - €450m including semi-finished
- Target:
 - Automakers in Mexico
 - North American premium market
- First tire to roll off the production line at the end of 2018



2015-2016 shareholder return: €978m in dividends and €750m in share buybacks

- Share buyback program
 - €451m committed in 2015
 - €150m committed in H1 2016
 - 1,757,440 shares bought back at an average price of €85.35
 - A new €150m tranche to be launched in H2 2016

● Total Shareholder Return



July 26, 2016

FIRST-HALF 2016 RESULTS



3 / 2016 guidance confirmed

Adjusted 2016 markets outlook



PASSENGER CAR: +1%/+3%

Old: +2% / +3%

Growth in line with long-term trends

- Slowing momentum in the North American and European markets
- Still buoyant demand in China



TRUCK: -2% / 0%

Old: +0% / +2%

Slight decline in worldwide demand

- Decline in China, the world's largest market
- Resilience in Europe
- Stabilization at a high level in North America RT



SPECIALTY: -2% / -5%

Earthmover and Agricultural markets impacted by commodity prices

- Mining: weaker demand and last year of destocking
- Earthmover OE*: trending downward
- Agricultural*: stable at low level

** Europe and North America*

2016 guidance confirmed

	2016
Volumes	Above-market growth
Operating income from recurring activities at constant exchange rates	> 2015
Structural FCF	> €800m

H2 2016 scenario based on June rates

	H2 2016	FY 2016
Raw materials	Around +€100m	Around +€450m
Net price-mix vs. raw materials	Indexed businesses: negative Non-indexed businesses: neutral	Positive
Competitiveness plan vs. inflation		Neutral
Currency effect		Around -€200m



July 26, 2016

FIRST-HALF 2016 RESULTS



Appendices

H1 2016 and H1 2015 financial highlights as reported

<i>(in € millions)</i>	H1 2016	H1 2015
Net sales	10,292	10,497
EBITDA from recurring activities	2,085	1,913
EBITDA margin on recurring activities	20.3%	18.2%
Operating income from recurring activities*	1,405	1,262
Operating margin on recurring activities	13.7%	12.0%
Operating income/(loss) from non-recurring activities	-51	-17
Net income	769	707
Earnings per share (attributable to shareholders of the Company, in €)	4.24	3.79
Capital expenditure (excluding acquisitions)	623	632
Free Cash flow**	+8	-219
Gearing	18%	18%

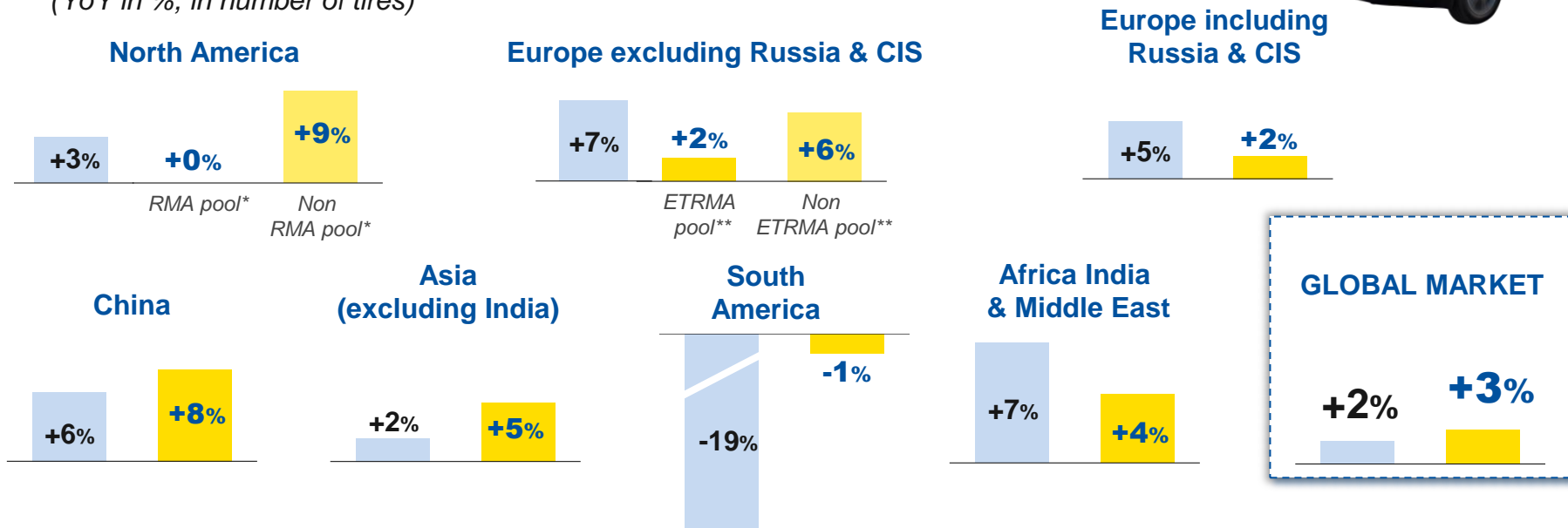
* To make its operating performance easier to understand and analyze, Michelin now presents "Operating income before non-recurring income and expenses" as "Operating income from recurring activities" and has refined its definition.

** Free cash flow: net cash from operating activities less net cash from investing activities less net cash from other current financial assets, before distributions.

PC: dynamic demand in mature zones, with rising imports and inventories in RT



▲ Passenger car market at June 30, 2016/2015 (YoY in %, in number of tires)



* RMA pool: Rubber Manufacturers Association members

** ETRMA pool: European Tire & Rubber Manufacturers Association members

Source: Michelin

■ OE ■ RT

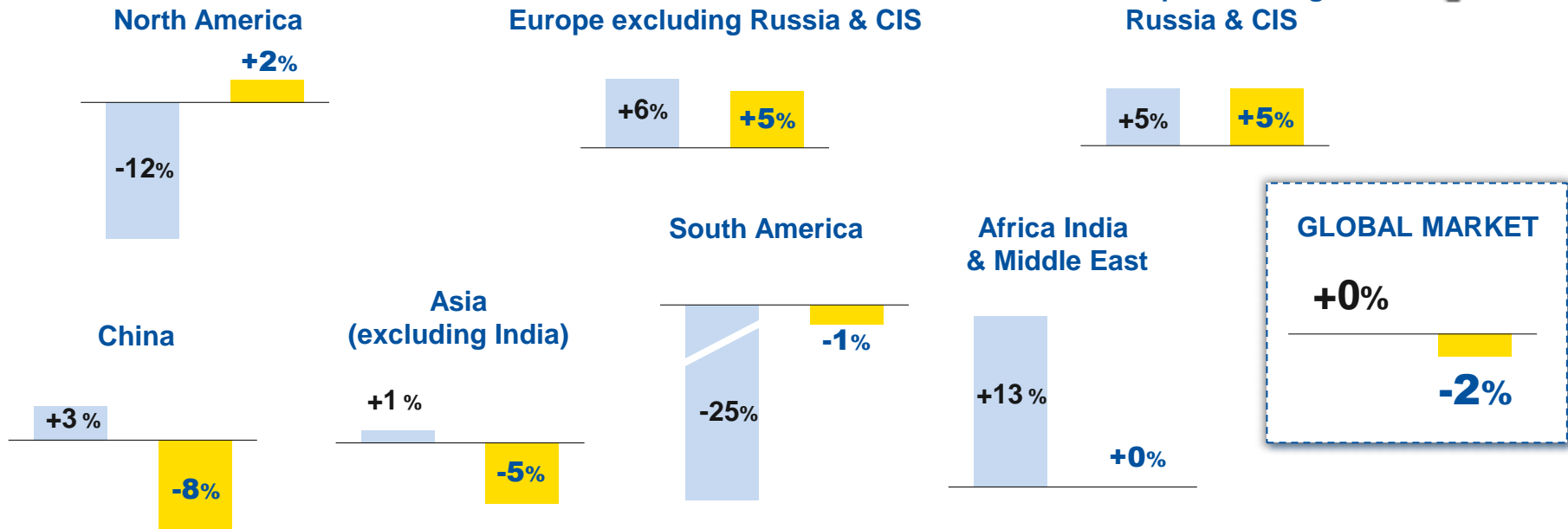


TB: global demand trending down due to the Chinese decrease in RT not fully compensated by mature zones growth



▲ Truck tires market at June 30, 2016/2015

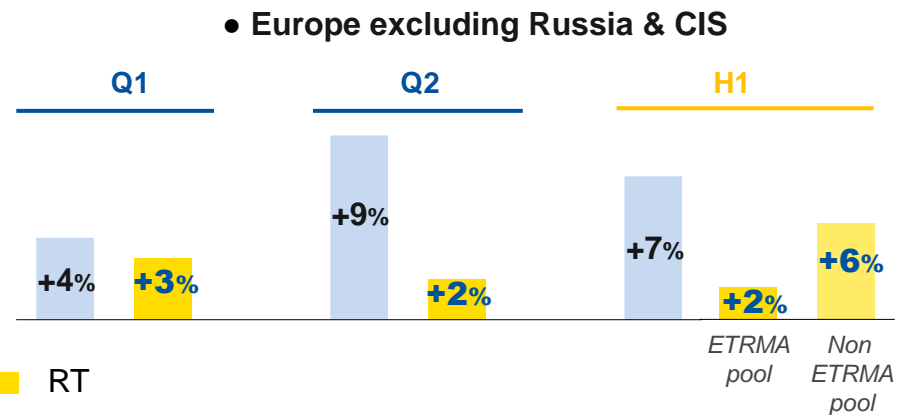
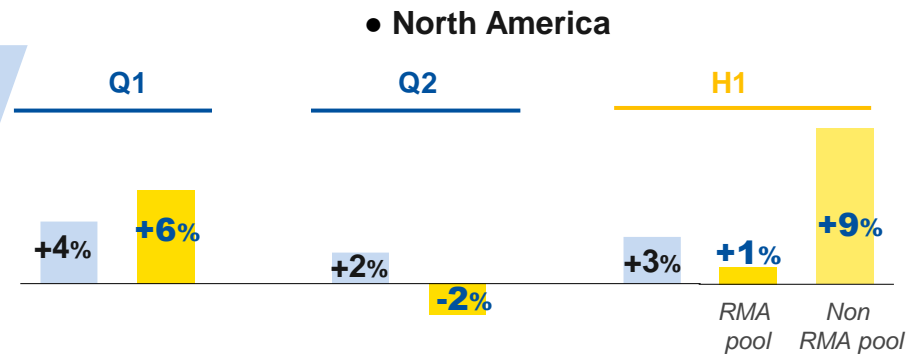
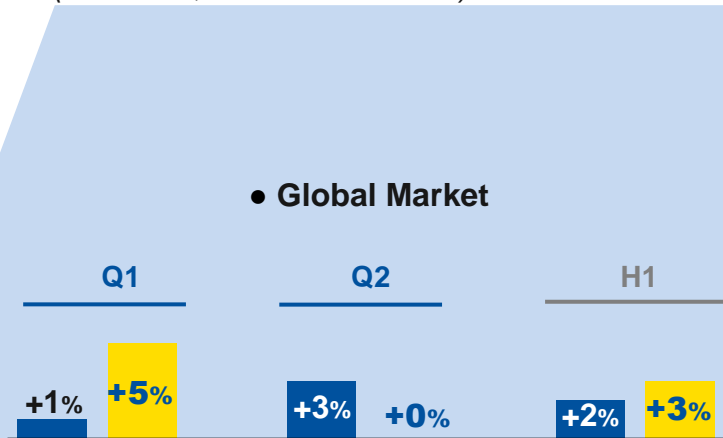
(YoY in %, in number of new tires)



Source: Michelin

PC: H1 markets boosted by Asian imports in mature zones; leveled off markets in Q2

▲ 2016 H1 Passenger car market (YoY in %, in number of tires)



■ OE ■ RT

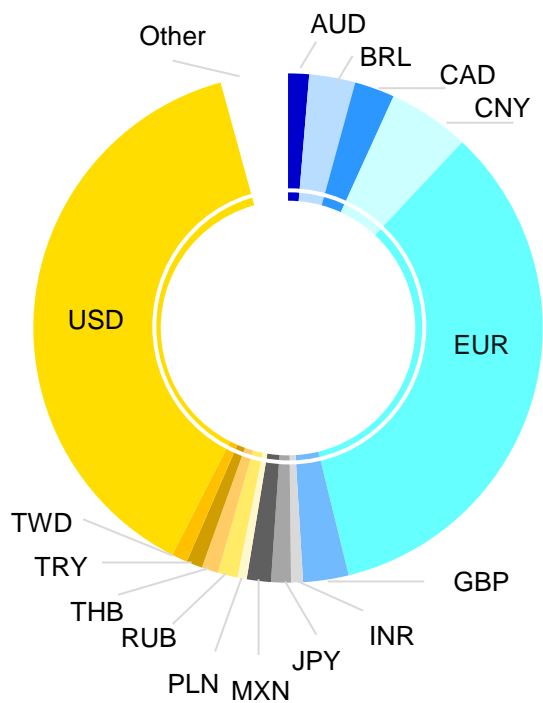
Source: Michelin

Capital expenditure in line with the 2015-2016 timetable to capture growth: +50KT in 2016

- **Brazil** (Premium MICHELIN brand Car and Light truck tires)
 - Production ramp-up from **29KT** at end-2015 to **36KT** at end-2016
- **China** (Premium MICHELIN brand Car and Light truck tires and MICHELIN radial Truck tires)
 - Production ramp-up from **86KT** at end-2015 to **125KT** at end-2016
- **India** (MICHELIN radial Truck tires)
 - Production ramp-up from **15KT** at end-2015 to **18KT** at end-2016
- **Mexico** (Premium MICHELIN brand Car and Light truck tires)
 - First tire at end-2018



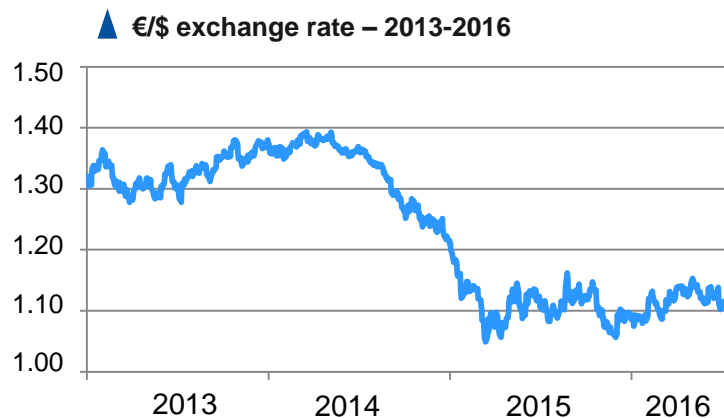
H1 2016 net sales by currency



% of net sales		
AUD		1%
BRL		3%
CAD		3%
CNY		5%
EUR		34%
GBP		3%
INR		1%
JPY		1%
MXN		2%
PLN		1%
RUB		1%
THB		1%
TRY		1%
TWD		1%
USD		38%
Other		4%

EBIT sensitivity to €/€ exchange rate:

A one cent change in the average annual €/€ exchange rate would lead to a € 15-20 million change in EBIT for the year.

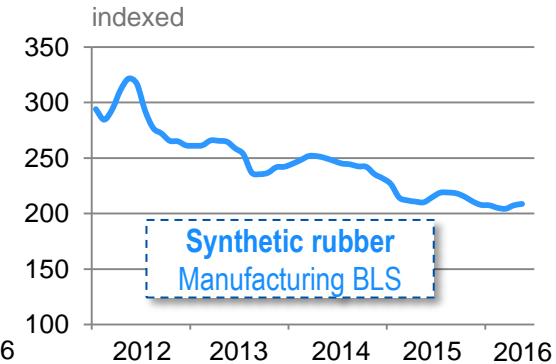
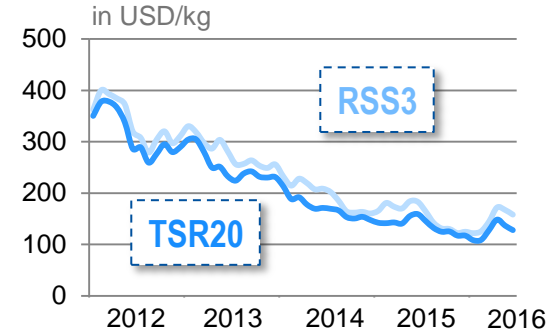
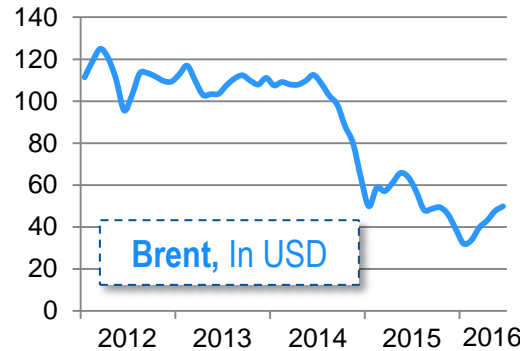
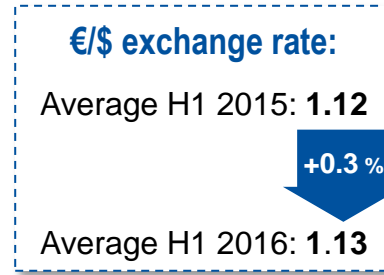
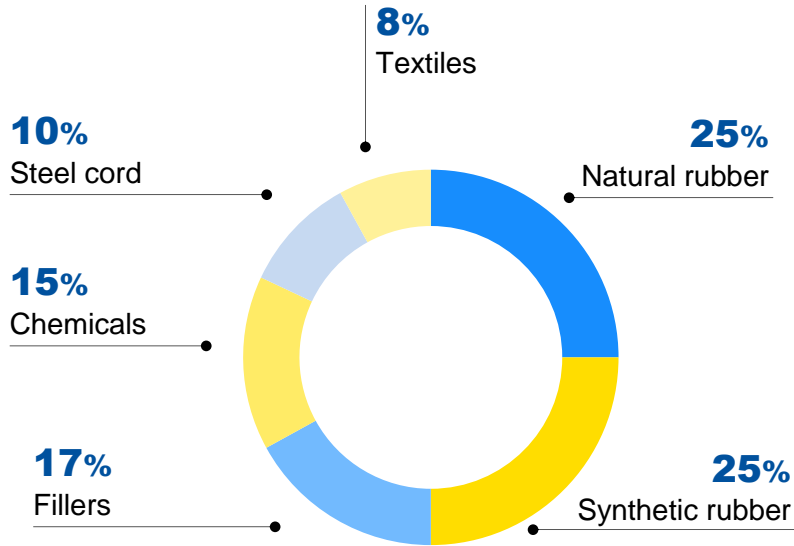


Source : Thomson One



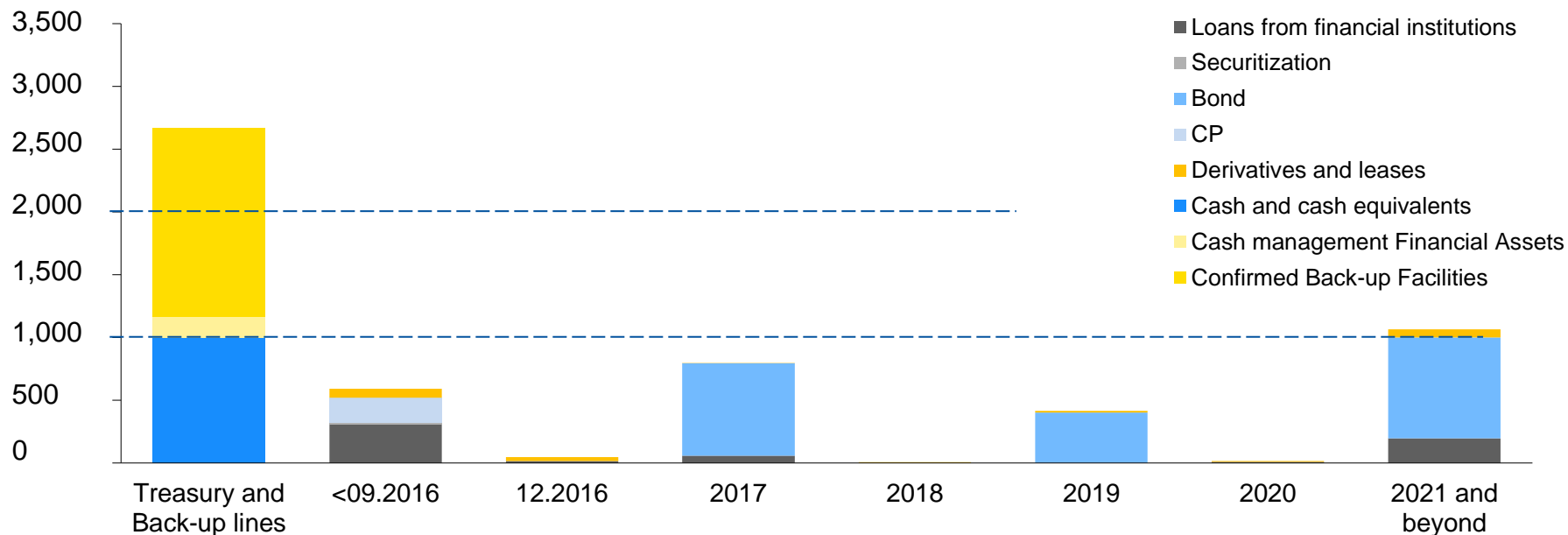
Raw materials trends in H1 2016

▲ Raw material purchases in H1 2016



A comfortable cash position

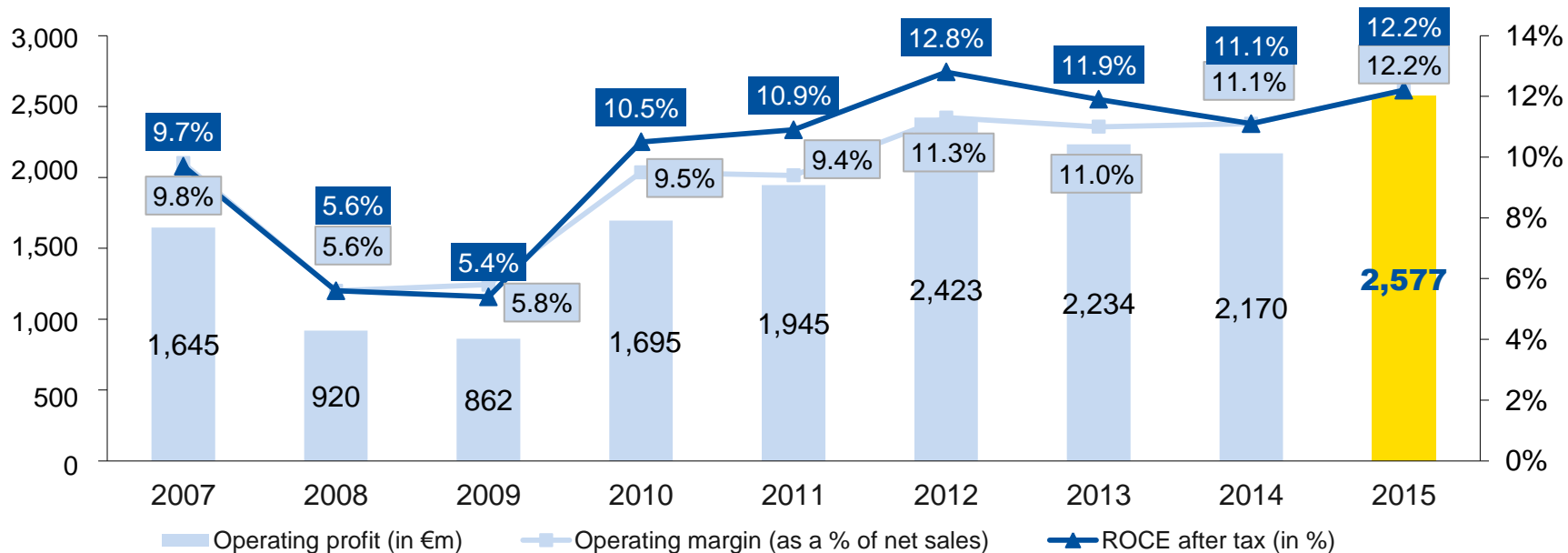
▲ Debt* maturities at June 30, 2016 (nominal value, in € millions)



* Excluding accrued interests

A stronger Group with improving profitability

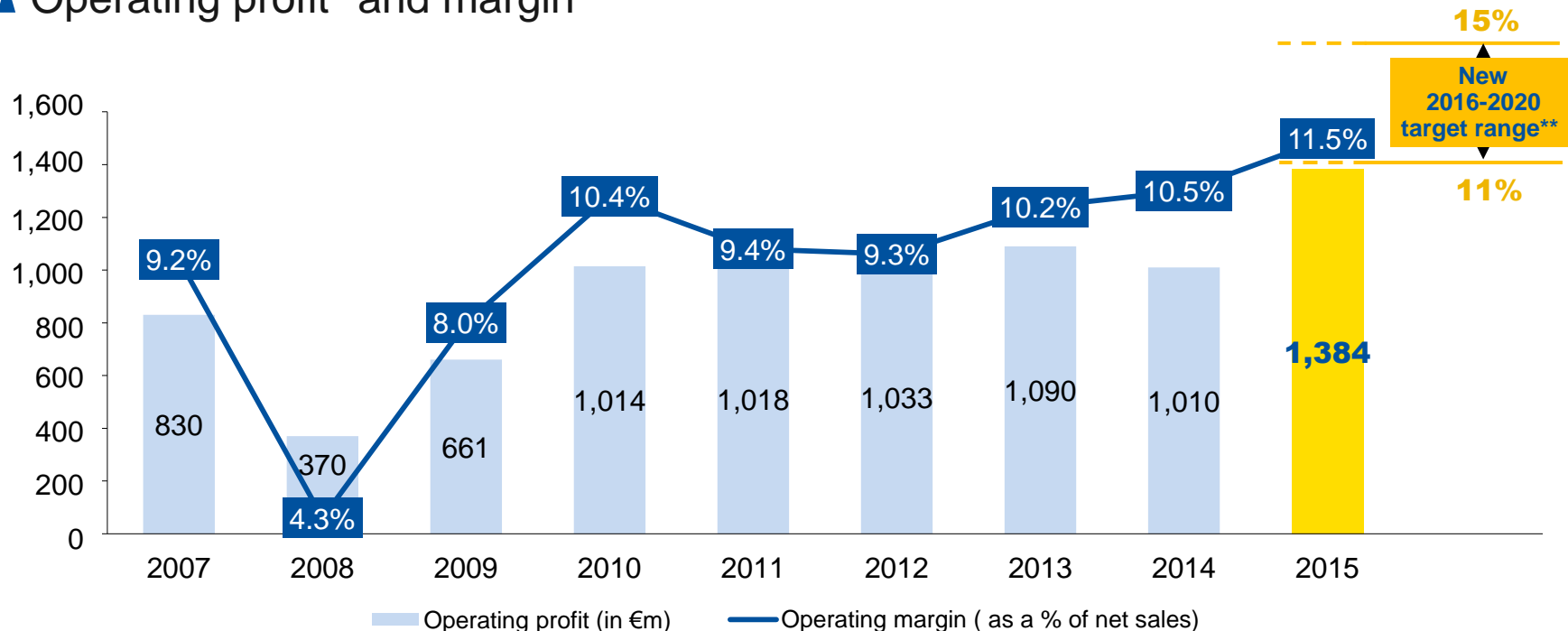
▲ Operating profit* and margin* & ROCE



* From recurring activities

Growing Passenger car margin through product innovation, mix and improving customer service

▲ Operating profit* and margin*

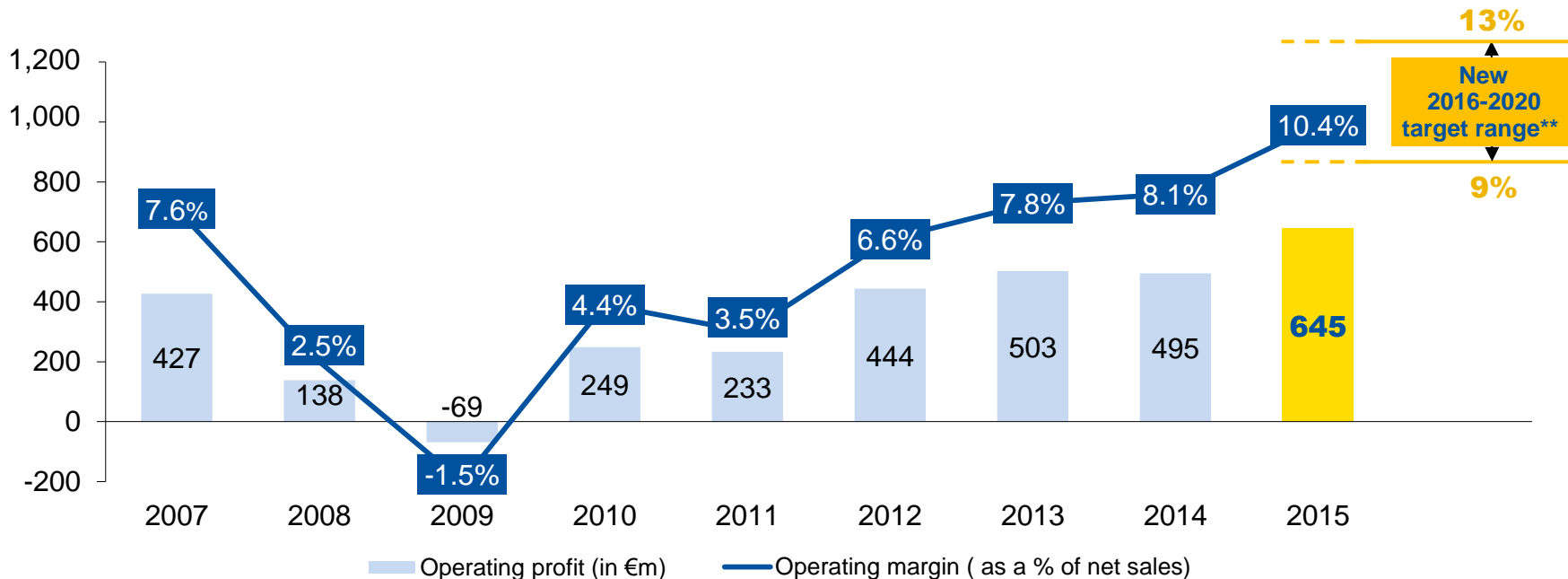


* From recurring activities

** At constant scope of consolidation and raw materials prices, and with markets expanding (CAGR of 2.5%)

Strong Truck profitability growth through competitiveness, product & service innovation and customer focus

▲ Operating profit* and margin*

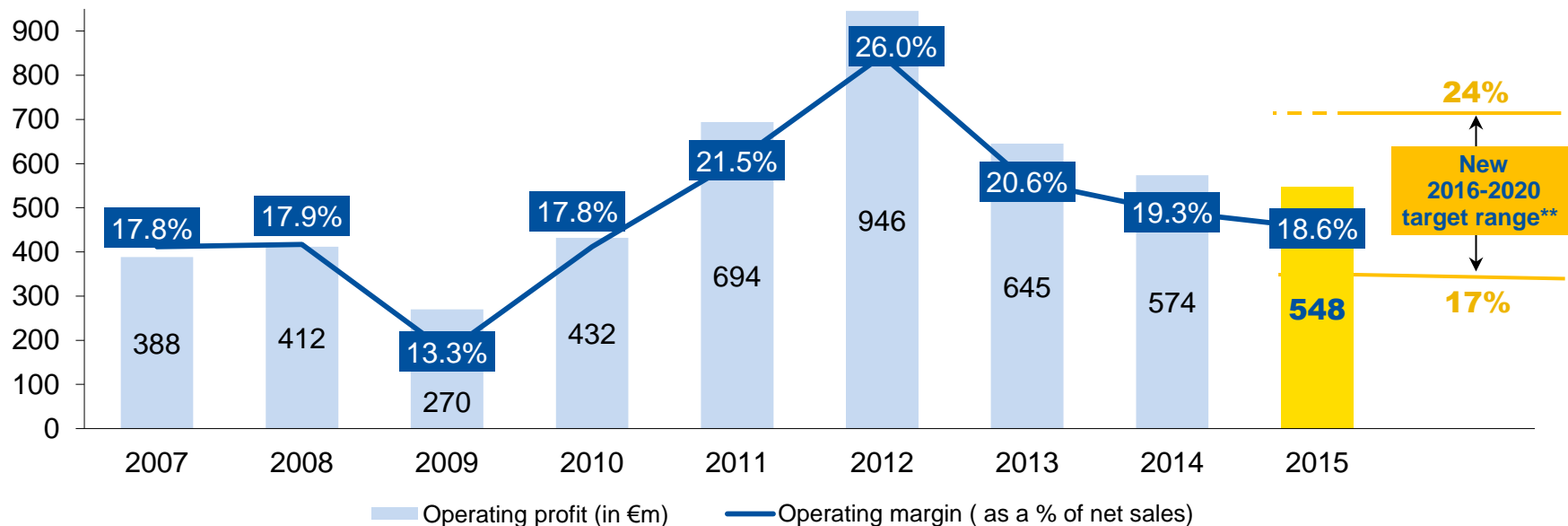


* From recurring activities

** At constant scope of consolidation and raw materials prices, and with markets expanding (CAGR of 1.5%)

Specialty: resilient profitability in a challenging environment

▲ Operating profit* and margin*



* From recurring activities

** At constant scope of consolidation and raw materials prices, and with markets expanding

Scenario of net Price-mix vs Raw Material effect

(based on June rates)

<i>(in € millions)</i>	H1 2016	H2(e) 2016	FY(e) 2016
Raw Material tailwind	+339	~ +110	~ +450
Net Price-mix / Raw Material	+115	~ -70	~ +50
o/w indexed businesses	-20	~ -70	
o/w non-indexed businesses	+135	~ 0	

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 documentation published in France by Autorité des marchés financiers available from the <http://www.michelin.com/eng/> website.

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."

Valérie MAGLOIRE
Matthieu DEWAVRIN
Humbert de FEYDEAU

+33 (0)1 78 76 45 36

27, cours de l'île Seguin
92100 Boulogne-Billancourt - France

investor-relations@michelin.com