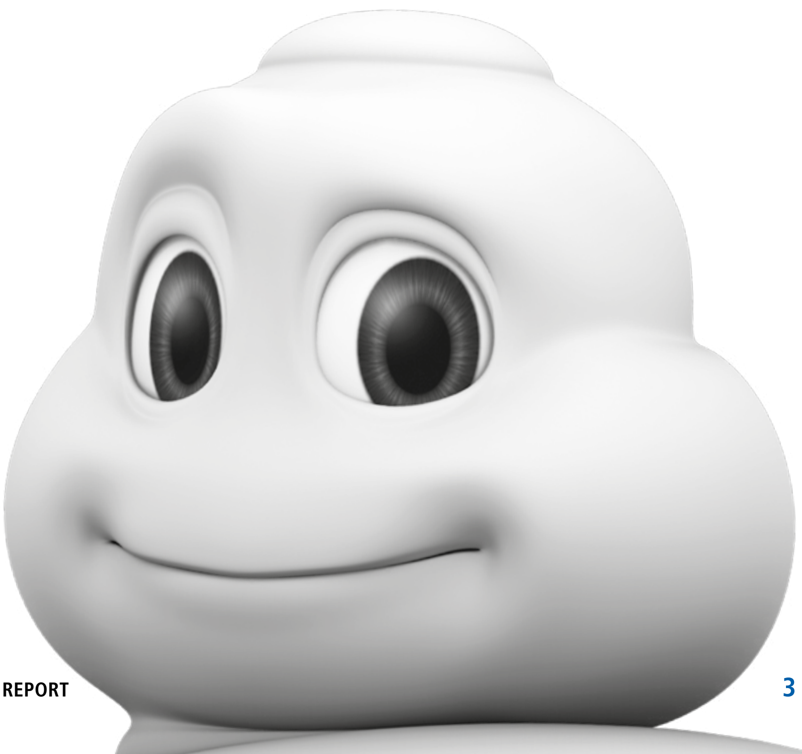
2015 FIRST-HALF FINANCIAL REPORT

MICHELIN
A better way forward

CONTENTS

1 PRESS RELEASE



PRESS RELEASE

Clermont-Ferrand – July 28, 2015

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN
Financial Information for the Six Months Ended June 30, 2015

First-half 2015

Robust growth and improved free cash flow

Revenue up 8.5% to €10,497 million

Operating income up 9% to €1,262 million (12% of net sales)

Full-year outlook

Guidance confirmed

- Volumes rose 2.4%, outperforming the markets
  - Passenger car/Light truck tire sales clearly outpaced the market
  - Truck tire and Specialty business volumes were slightly better than their markets
  - Faster growth from quarter to quarter, in uneven markets that were strong in mature economies and sluggish in the majority of the new markets.
- A quarter-on-quarter improvement in the price mix
  - As expected, changes in price mix and raw materials prices had a net negative effect, reflecting in particular the contractual price adjustments under raw materials-based indexation clauses, and managed price repositionings.
- A €132 million improvement in free cash flow, excluding the Blackcircles.com acquisition and the investment in an Indonesian rubber plantation.

Jean-Dominique Senard, Chief Executive Officer, said: "Michelin achieved strong growth in the first half of the year by leveraging its broader portfolio of solutions, by expanding access to customers and by capturing the rising demand in its traditional markets. The success of our most recent lines, like the MICHELIN CrossClimate and the new BFGoodrich tires, as well as our strengthened positions in the original equipment segment, confirm the importance of innovation for the Group's growth. Combined with the expected deployment of the competitiveness plan, Michelin can confirm its full-year guidance."

Outlook for 2015

With tire demand expected to remain on an upward trend in mature regions but more challenging in new markets, Michelin's objective for the second half is to pursue the growth trends observed in the first six months of the year. Changes in price mix and raw materials prices are expected to have over the full year a net negative effect on the businesses subject to contractual raw materials indexation clauses and a net neutral effect on the remaining businesses. The sustained deployment of the competitiveness plan will help to offset cost inflation over the year.

The Group confirms its target of delivering an increase in operating income before non-recurring income excluding the currency effect, a return on capital employed in excess of 11%, and structural free cash flow of more than €700 million, while pursuing a capital expenditure program totaling around €1.8 billion.

(in € millions)	First-Half 2015	First-Half 2014 reported
Net sales	10,497	9,673
Operating income before non-recurring items	1,262	1,159
Operating margin before non-recurring items	12.0%	12.0%
▶ Passenger car/Light truck tires and related distribution	10.8%	11.4%
▶ Truck tires and related distribution	9.6%	7.7%
▶ Specialty businesses	21.5%	21.8%
Operating income after non-recurring items	1,245	1,072
Net income	707	624
Earnings per share (in €)	3.79	3.34
Capital expenditure (excluding acquisitions)	632	703
Net debt	1,798	892
Gearing	18%	9%
Employee benefit obligations	4,780	4,025
Free cash flow(1) before acquisitions	(100)	(232)
Employees on payroll(2)	112,600	111,700

(1) Free cash flow: net cash from operating activities less net cash from investing activities
(2) At period end

MARKET REVIEW

Passenger car and light truck tires

First-Half 2015 % change year-on-year *(in number of tires)*	Europe*	North America	Asia (excluding India)	South America	Africa/India/ Middle East	Total
Original equipment	+3%	+3%	-1%	-14%	+4 %	+0%
Replacement	+3%	+0%	+3%	+3%	+4%	+2%

Second-Quarter 2015 % change year-on-year *(in number of tires)*	Europe*	North America	Asia (excluding India)	South America	Africa/India/ Middle East	Total
Original equipment	+2%	+5%	-4%	-16%	-1%	-1%
Replacement	+4%	+5%	+7%	+4%	+4%	+5%

** Including Russia and Turkey*

▶ Original equipment

- The European original equipment market grew by 3% overall during the first half, reflecting a 5% increase in Western Europe led by an upturn in carmaker output and a 22% falloff in Eastern Europe in a persistently difficult economic and monetary environment.
- The North American market expanded by 3% over the period, in line with the rising vehicle demand driven by low fuel prices, attractive financing terms and aggressive promotional campaigns.
- In Asia (excluding India), overall demand was virtually flat over the first six months of the year. Despite slowing in June, the Chinese market ended the period up 5%, with a decline in the sedan tire segment and sustained growth in the SUV segment. The other regional markets remained on a downward track, losing 8% over the period, primarily due to the fall-off in demand in Thailand, but also because the Japanese market has moved back in line with long-term trends. In addition, the Japanese figure reflected the comparison with first-half 2014, when growth was lifted by sales ahead of an increase in the VAT rate.
- In South America, the market retreated 14% in the first half, dragged down by the steep decline in auto output in a mixed economic environment.

▶ Replacement

- The European replacement tire market expanded by 3% overall compared with the already strong prior-year period. In Western Europe, robust sales in June ahead of announced industry-wide price increases drove a 5% gain over the first half, with declines in the United Kingdom and Germany and a rebound in Turkey and the southern Central European countries. The Eastern European market continued to contract, losing 6% due to the political and economic situation in Russia and Ukraine.
- In North America, US demand has been steadily expanding since the beginning of the year for tires sold by members of the Rubber Manufacturers Association (up 4%), while Chinese imports leveled off in the second quarter as dealers reduced inventory.
- Demand in Asia (excluding India) contracted a slight 1% overall. The Chinese market enjoyed further momentum, gaining 9% over the first half. However, growth was slower year-on-year in the first quarter than in previous years, coming in at 5% before surging 11% in the second quarter, lifted by favorable prior-year comparatives in a climate of deep uncertainty exacerbated by current stock market conditions. Demand in the rest of the region declined by a still limited 2%, although the Indonesian and Malaysian markets fared better. Japan saw a 6% contraction due to comparison with first-half 2014, which benefited from purchases ahead of the increase in VAT on April 1.
- South American demand rose 3% in a mixed economic and political environment. Markets improved in Colombia, Chile, Central America and the Caribbean, but leveled off in Brazil with fewer kilometers traveled and lower imports. Demand contracted in Argentina and Venezuela.

Truck tires (radial and bias)

First-Half 2015 YoY *(in number of tires)*	Europe*	North America	Asia (excluding India)	South America	Africa/India/ Middle East	Total
Original equipment	+4%	+17%	-23%	-42%	+15%	-8%
Replacement	-3%	+5%	-4%	-5%	+2%	-2%

Second-Quarter 2015 YoY *(in number of tires)*	Europe*	North America	Asia (excluding India)	South America	Africa/India/ Middle East	Total
Original equipment	+7%	+14%	-22%	-45%	+11%	-8%
Replacement	-0%	+6%	-3%	-7%	+1%	-1%

** Including Russia and Turkey*

Original equipment

- The European market rose by 4% in the first half, boosted by a speed-up in Western Europe, to 9%. However, demand continued to fall in Eastern Europe, where the troubled geopolitical and economic situation caused a 24% drop.
- In North America, the market expanded by 17% over the period, as truck output continued to surge in a still favorable economic environment.
- Demand for radial and bias tires in Asia (excluding India) declined by 23% overall. The Chinese market plunged 25%, reflecting the slowdown in manufacturing output. In the rest of the region, demand slid 14% overall, with steep declines in Indonesia and South Korea partly offset by an upturn in Thailand off of very low prior-year comparatives.
- In a very difficult economic environment, the South American market plummeted 42%, dragged down by the 44% fall-off in Brazil, where economic conditions led to massive shutdowns of truck and bus production and a collapse in registrations.

Replacement

- The European market declined by 3% overall during the first six months of the year. Demand rose 7% in Western Europe, lifted by the increase in tons carried/km (which has not yet impacted freight rates), the sharp decline in the retread segment and, at period-end, the announcement of price increases by certain tiremakers. The market continued its decline in Eastern Europe, falling 24%, due to the difficult situation in Russia.
- In North America, the market remained strong, rising by 5% thanks to sustained demand for freight services in a vibrant economy.
- Demand for replacement radial and bias tires in Asia (excluding India) was down by 4% over the period. The Chinese market retreated 4% as the cooling economy weighed on freight demand. Markets in the rest of the region also waned, with in particular a significant decline in Thailand and Japan, where demand fell off sharply from the heights reached in first-half 2014 ahead of the increase in the VAT rate.
- The South American radial and bias replacement market contracted by 5% overall and to a greater extent in Brazil, in a more challenging economic environment.

Specialty Tires

- **Earthmover Tires:** the mining tire market fell back from first-half 2014 levels, as mining companies continued to adjust their tire inventories and operations at some mines were scaled back in response to weakening commodity prices. OE demand continued to trend marginally upward in mature markets. Demand for tires used in infrastructure and quarries rose slightly in mature markets, led by North America.
- **Agricultural Tires:** global OE demand reflected continued severe weakness in mature markets, as well as the effects of lower farm commodity prices and extensive replacement sales of farm machinery in recent years. The replacement market retreated somewhat in Europe and more aggressively in North America, due to declining farming incomes.
- **Two-Wheel Tires:** motorcycle tire markets rose in the mature geographies, supported by dealer optimism, especially in Europe.
- **Aircraft Tires:** demand in the commercial aircraft segment continued to grow, led by the increase in passenger traffic.

FIRST-HALF 2015 NET SALES AND EARNINGS

Net sales

Net sales for the first six months of 2015 totaled €10,497 million, an increase of 8.5% over the year-earlier period that was attributable to the net impact of the following factors:

- The over-market 2.4% increase in volumes, led by the expected speed-up in quarter-on-quarter growth, the performance of the MICHELIN brand and the rebound in the other brands.
- The 4.3% decline in the price mix following application of indexation clauses and carefully managed price repositionings. As expected, however, this effect improved over the second quarter.
- The strong 10.2% favorable currency effect, reflecting the euro's decline against the Group's main operating currencies.
- The 0.5% increase from changes in the scope of consolidation.

Results

Consolidated operating income before non-recurring items came to €1,262 million or 12.0% of net sales, up €103 million from the €1,159 million and 12.0% reported in first-half 2014. Net non-recurring expense, in an amount of €17 million, corresponded to the ongoing cost of aligning Group organizations with the prevailing market environment.

Excluding the €302 million positive currency effect, operating income before non-recurring items primarily reflects the €86 million increase from volume growth and the €426 million net negative impact of actively managing the price mix, given the €228 million gain from lower raw materials prices. It also reflects the expected €74 million increase in depreciation and amortization charges, and the €90 million increase in production costs and other expenses, as well as the €64 million gain from the continued deployment of the competitiveness plan and the announced €49 million reduction in start-up costs.

In all, net income for the period came to €707 million.

Net financial position

Free cash flow ended the first half at a negative €100 million, before acquisitions, a €132 million improvement in line with the full-year target. The Group carried out acquisitions in a total amount of €119 million for the period, notably forming a joint venture with Barito Pacific Group to produce eco-responsible natural rubber in Indonesia, and acquiring all outstanding shares of Blackcircles.com. In addition to these acquisitions, capital expenditure totaled €632 million for the period.

Taking into account the negative free cash flow, acquisitions, share buybacks and the €600 million bond issue comprising 7-year and 12-year tranches, **gearing stood at 18%** at June 30, 2015, corresponding to net debt of €1,798 million, compared with 7% and €707 million at December 31, 2014.

Segment Information

	Net sales		Operating income before non-recurring items		Operating margin before non-recurring items	
(en millions €)	**H1 2015**	**H1 2014**	**H1 2015**	**H1 2014**	**H1 2015**	**H1 2014**
Passenger car/Light truck tires and related distribution	5,860	5,167	632	588	10.8%	11.4%
Truck tires and related distribution	3,068	2,927	293	226	9.6%	7.7%
Specialty businesses	1,569	1,579	337	345	21.5%	21.8%
GROUP	**10,497**	**9,673**	**1,262**	**1,159**	**12.0%**	**12.0%**

▸ Passenger car/Light truck tires and related distribution

Net sales in the Passenger Car and Light Truck Tires and Related Distribution segment rose by 13.4% in first-half 2015, to €5,860 million from €5,167 million a year earlier.

As a result, operating income before non-recurring items amounted to €632 million or 10.8% of net sales, compared with the €588 million and 11.4% reported in first-half 2014.

Tonnages rose by 7%, far outpacing the market thanks to the success of the new MICHELIN CrossClimate, MICHELIN Premier All-Season, BFGoodrich KO2 and BFGoodrich COMP-2 in replacement markets and the equally over-market 4% gain in the original equipment segment. Price variations reflected the application of raw materials indexation clauses in the OE segment and the increasingly aggressive competitive environment, especially in China. The highly favorable impact from the product mix was dampened by the shift in the brand mix driven by the strong sales growth in the Tier 2 and Tier 3 segments. In Europe, price increases were announced in the second half to offset the impact of the euro's decline against the dollar on raw materials prices.

▸ Truck tires and related distributio

Net sales in the Truck Tires and Related Distribution segment stood at €3,068 million, versus €2,927 million in the first six months of 2014.

Operating income before non-recurring items came to €293 million or 9.6% of net sales, compared with the €226 million and 7.7% reported a year earlier.

The margin improvement was primarily led by the resilient volumes, which beat the market with just a slight 1% decline on high prior-year comparatives. The strong growth in OE sales in mature regions was supported by resilient retread sales in a market experiencing a significant decline, while the new intermediate lines introduced in North America, South America, the Africa/Middle East region and Southeast Asia got off to a favorable start. Effective management of the business, particularly in the areas of price positioning, supplying growth markets and cost control, also contributed to the sustained improvement in margin performance. In addition, price increases were announced in Europe in the second half.

▸ Specialty businesses

Net sales by the Specialty Businesses stood at €1,569 million for the period, virtually unchanged from the €1,579 million reported a year earlier.

Operating income before non-recurring items from the Specialty businesses remained structurally high in first-half 2015, at €337 million or 21.5% of net sales, compared with €345 million and 21.8% in the prior-year period.

Overall, the 5% decline in volumes sold slightly better than the market, while mining companies continued to draw down inventory as commodity markets remained flat. At the same time, unit margins were squeezed by the timelag impact of price adjustments under raw materials indexation clauses. Price increases for agricultural tires will be introduced in Europe in the second half.

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Etablissements Michelin ended the first half with net income of €541 million, compared with €540 million in the first six months of 2014.

The financial statements were presented to the Supervisory Board at its meeting on July 23, 2015. An audit was performed and the auditors' report was issued on July 27, 2015.

FIRST-HALF 2015 HIGHLIGHTS

- Michelin's Total Performance strategy is demonstrated during the 2015 Dakar, with very strong showings by MICHELIN Latitude C and MICHELIN D15 car tires, MICHELIN Desert Race bike tires with MICHELIN Bibmousse inserts and MICHELIN XZL+ truck tires (January 21).
- Michelin and Air Liquide join SNCF, Orange and Total by investing in Ecomobility Ventures, a European investment fund dedicated to innovation in sustainable mobility (January 27).
- In its quest for high performance, Michelin announces plans to launch new "hypersport" and "track" bike tires in 2015 (February 11).
- At the SIMA 2015 trade fair, Michelin demonstrates its wide-ranging innovation capabilities to meet the challenges of today's farming industry, in such diverse areas as connected services and the invention of new agricultural tires (February 22-26).
- Michelin North America releases 16 new sizes of the BFGoodrich All-Terrain T/A KO2 tire (March 2).
- Michelin earns "Supplier of the Year" and "Innovation of the Year" awards from Deere & Company (March 10).
- Michelin launches MICHELIN X® WORKS™ free damage guarantee managed and activated on-line for truck operators' worksite supply activities in Europe (March).
- Michelin acquires a 40% stake in Allopneus SAS for €60 million (April 14).
- Michelin is named "Supplier of the Year" by Boeing (April 16).
- A €750 million share buyback program will be carried out over a period of 18 to 24 months (April 22).
- MICHELIN CrossClimate, the first summer tire certified for winter use, is introduced in European markets (May).
- Michelin acquires all outstanding shares of Blackcircles.com for £50 million (May 6).
- Michelin and Barito Pacific Group create a joint venture to produce eco-responsible natural rubber. At the same time, Michelin joins with the WWF to promote sustainable natural rubber industry practices and to carry out several projects aimed at protecting and restoring the fauna and flora in the regions concerned (May 18).
- Michelin successfully places a bond issue comprising a €300 million 7-year tranche and a €300 million 12-year tranche (May 19).
- Michelin launches MEMS (Michelin Earthmover Management System) Evolution3, an advanced tire-related data sensing and transmission system (June 15).
- At the Paris Air Show, Michelin presents its new range of MICHELIN Air X tires (June 15).

A full description of first-half 2015 highlights may be found on the Michelin website: http://www.michelin.com

Presentation and Conference call

First-half 2015 results will be reviewed with analysts and investors during a conference call today, Tuesday July 28, at 11:00 am CEST. The conference will be in English, with simultaneous interpreting in French. If you wish to participate, please dial-in one of the following numbers from 10:50 am CEST:

- In France 01 70 77 09 30 (Français)
- In France 01 70 77 09 41 (English)
- In the United Kingdom (0) 207 107 1613 (English)
- In North America +1 (877) 642 3018 (English)
- From anywhere else +44 (0) 207 107 1613 (English)

The presentation of first-half 2015 results may be viewed at http://www.michelin.com/eng. The website also contains practical information concerning the conference call.

Investor Calendar

Financial information for the nine months ended September 30, 2015:

Thursday, October 22, 2015 after close of trading.

2015 net sales and results:

Tuesday, February 16, 2016 before start of trading.

2015 Interim Financial Report

The interim financial report for the six months ended June 30, 2015 may be downloaded from: http://www.michelin.com/eng
It has also been filed with the Autorité des marchés financiers (AMF).
In particular, it contains:

- The business review for the six months ended June 30, 2015.
- The consolidated financial statements and notes.
- The auditor's report on the financial information for the six months ended June 30, 2015.

Investor Relations

Valérie Magloire
+33 (0) 1 78 76 45 37
+33 (0) 6 76 21 88 12 (cell)
valerie.magloire@fr.michelin.com

Matthieu Dewavrin
+33 (0) 4 73 32 18 02
+33 (0) 6 71 14 17 05 (cell)
matthieu.dewavrin@fr.michelin.com

Humbert de Feydeau
+33 (0) 4 73 32 68 39
+33 (0) 6 82 22 39 78 (cell)
humbert.de_feydeau@fr.michelin.com

Media Relations

Corinne Meutey
+33 (0) 1 78 76 45 27
+33 (0) 6 08 00 13 85 (cell)
corinne.meutey@fr.michelin.com

Individual Shareholders

Jacques Engasser
+33 (0) 4 73 98 59 08
jacques.engasser@fr.michelin.com

DISCLAIMER

This press release 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 documents filed in France with Autorité des marchés financiers, which are also available from the www.michelin.com/eng website.

This press release may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing 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 inferred by these statements.

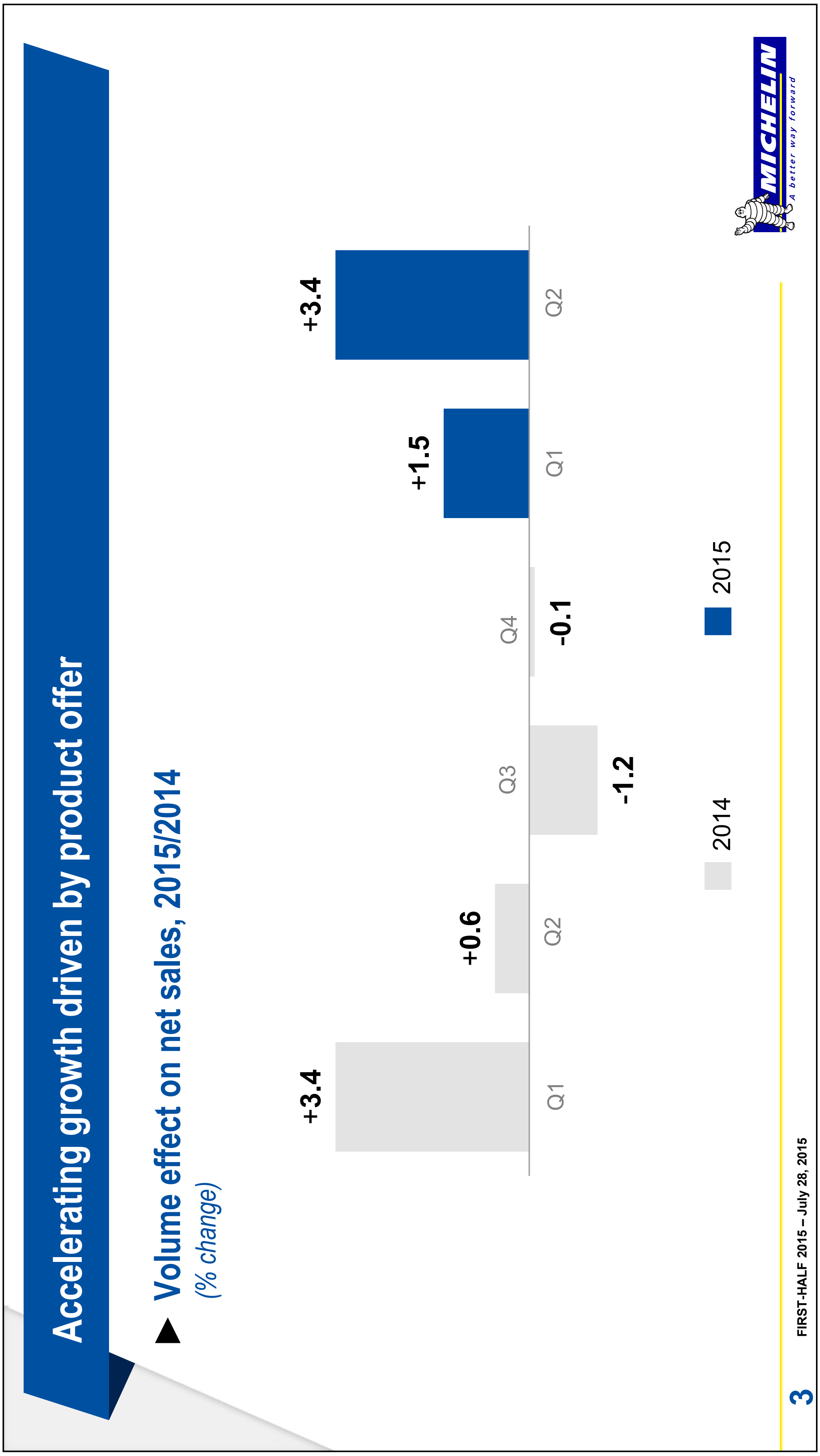
2 SLIDESHOW

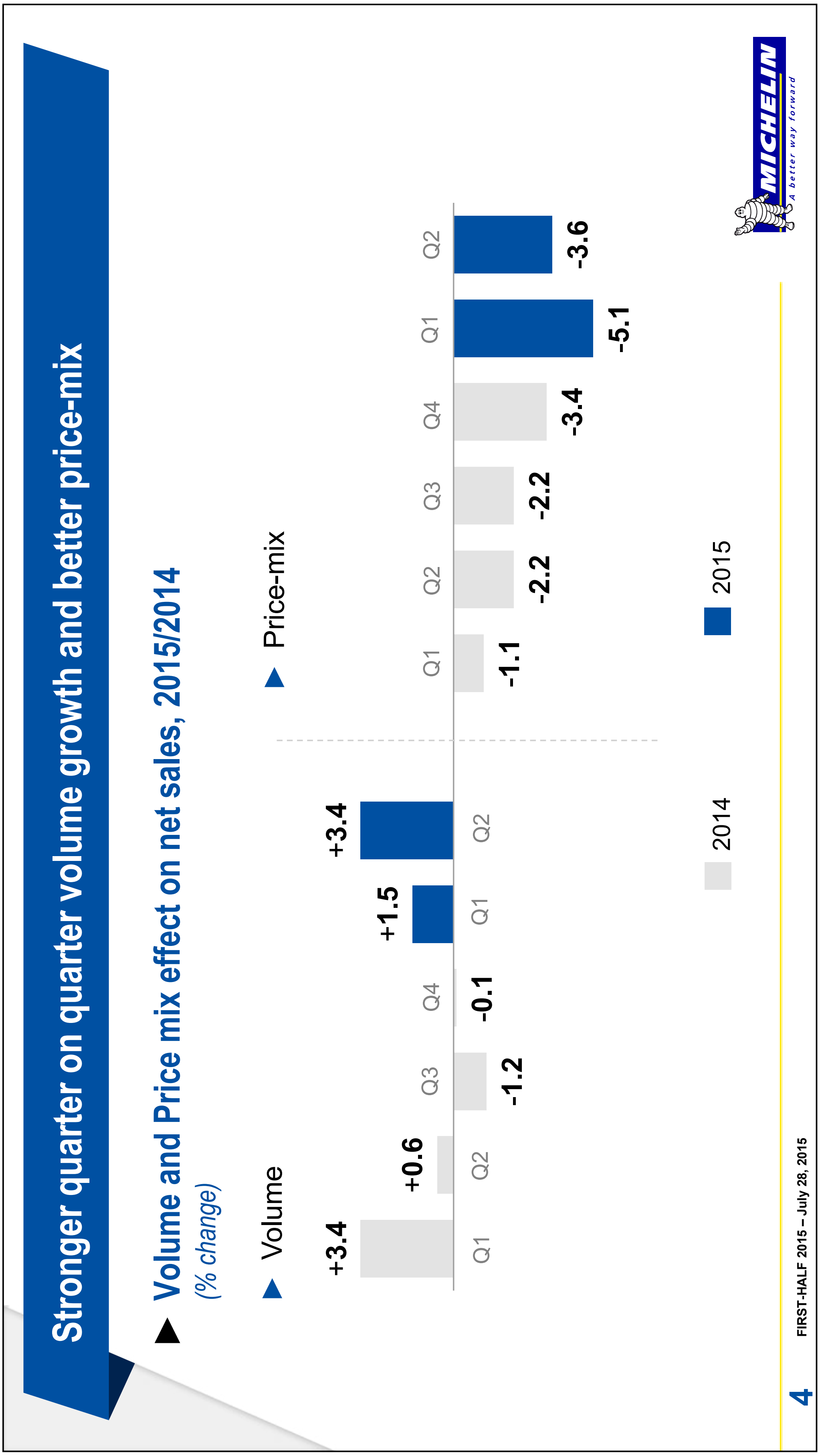

FIRST-HALF 2015
RESULTS
JULY 28, 2015
MICHELIN
A better way forward

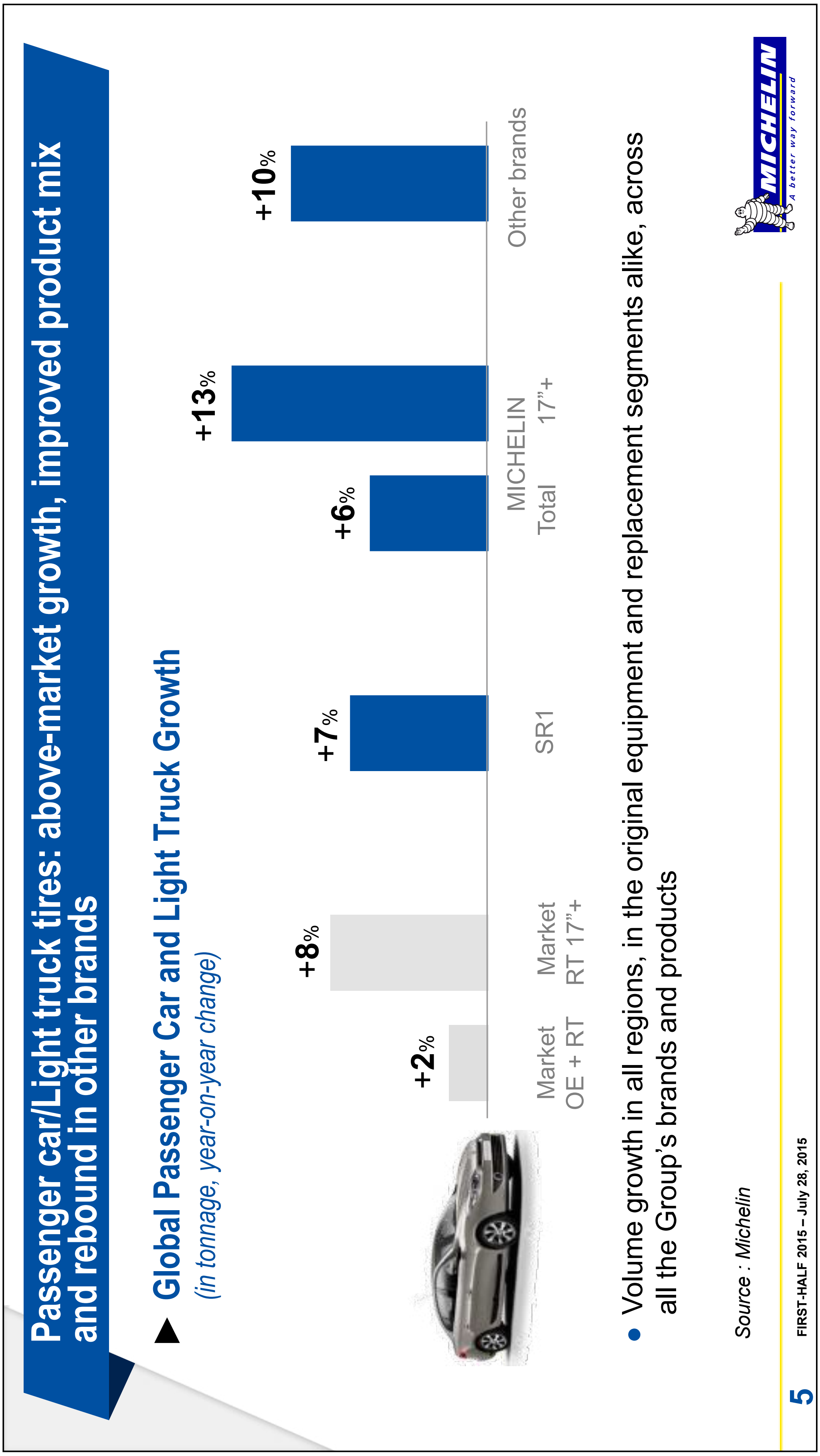
Robust growth and improved free cash flow

- Volume up 2.4% off of high prior-year comparatives:
  - Passenger car/Light truck tire sales clearly outpaced the market
  - Truck tire and Specialty business volumes were slightly better than their markets
  - Growth gained momentum from quarter to quarter on uneven markets
- A quarter-on-quarter improvement in the price-mix
  - As expected, changes in the price-mix and raw materials prices had a net negative effect, reflecting in particular:
    - Contractual price adjustments under raw materials-based indexation clauses
    - Managed price adjustments
- Free cash flow before acquisitions was a negative €100m, an improvement of €132m that is in line with the Group's new full-year target

2 FIRST-HALF 2015 – July 28, 2015


Accelerating growth driven by product offer
Volume effect on net sales, 2015/2014
(% change)
+3.4
+0.6
-1.2
-0.1
+1.5
+3.4
Q1
Q2
Q3
Q4
Q1
Q2
2014
2015
MICHELIN
A better way forward
3
FIRST-HALF 2015 – July 28, 2015


Stronger quarter on quarter volume growth and better price-mix
Volume and Price mix effect on net sales, 2015/2014
(% change)
Volume
+3.4
+0.6
-1.2
-0.1
+1.5
+3.4
Q1
Q2
Q3
Q4
Q1
Q2
Price-mix
-1.1
-2.2
-2.2
-3.4
-5.1
-3.6
Q1
Q2
Q3
Q4
Q1
Q2
2014
2015
MICHELIN
A better way forward
4
FIRST-HALF 2015 – July 28, 2015


Passenger car/Light truck tires: above-market growth, improved product mix and rebound in other brands
Global Passenger Car and Light Truck Growth
(in tonnage, year-on-year change)
+2%
+8%
+7%
+6%
+13%
+10%
Market OE + RT
Market RT 17"+
SR1
MICHELIN Total
17"+
Other brands
Volume growth in all regions, in the original equipment and replacement segments alike, across all the Group's brands and products
Source : Michelin
FIRST-HALF 2015 – July 28, 2015
5
MICHELIN
A better way forward

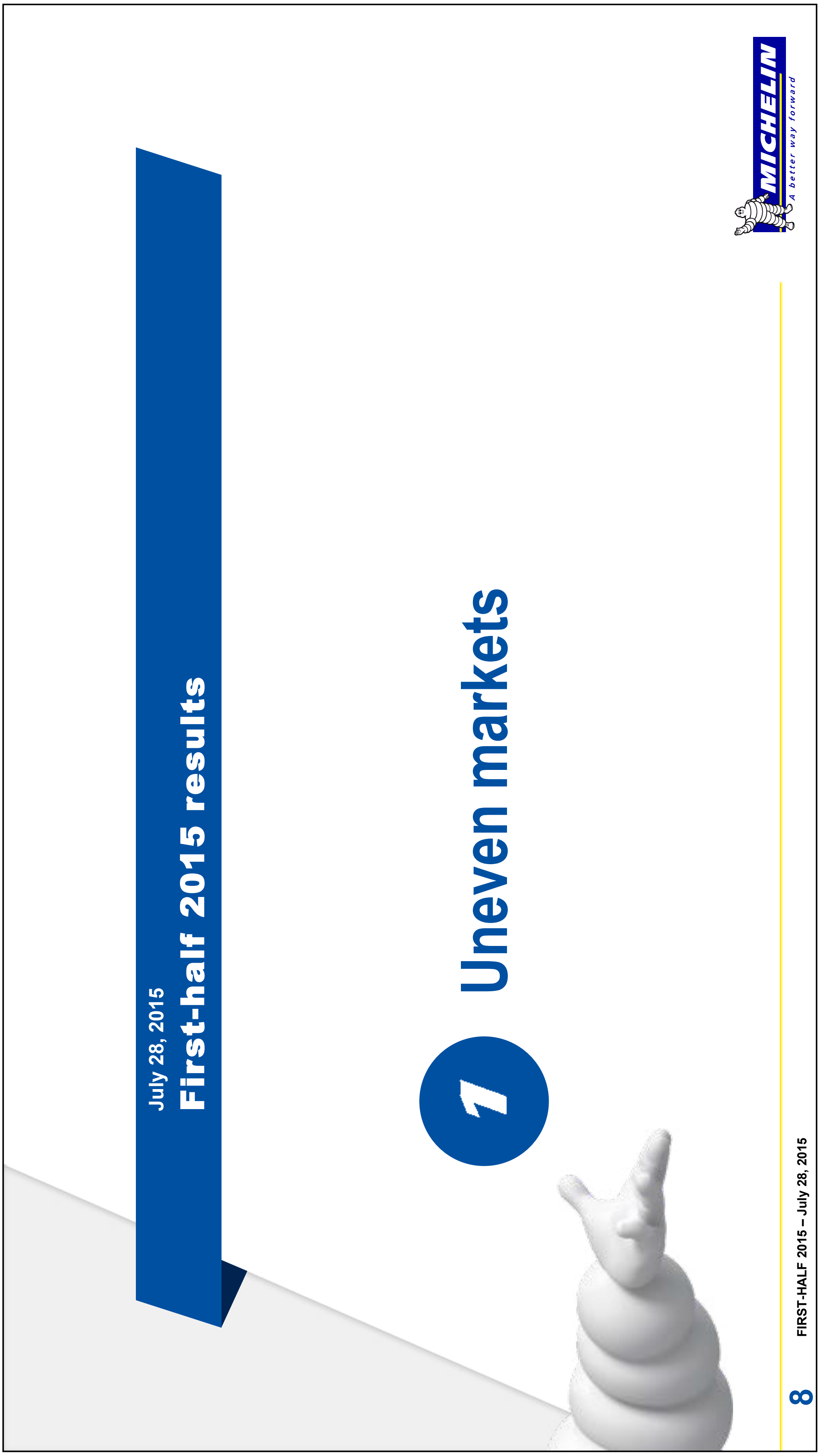
First-half 2015 and 2014 financial highlights as reported

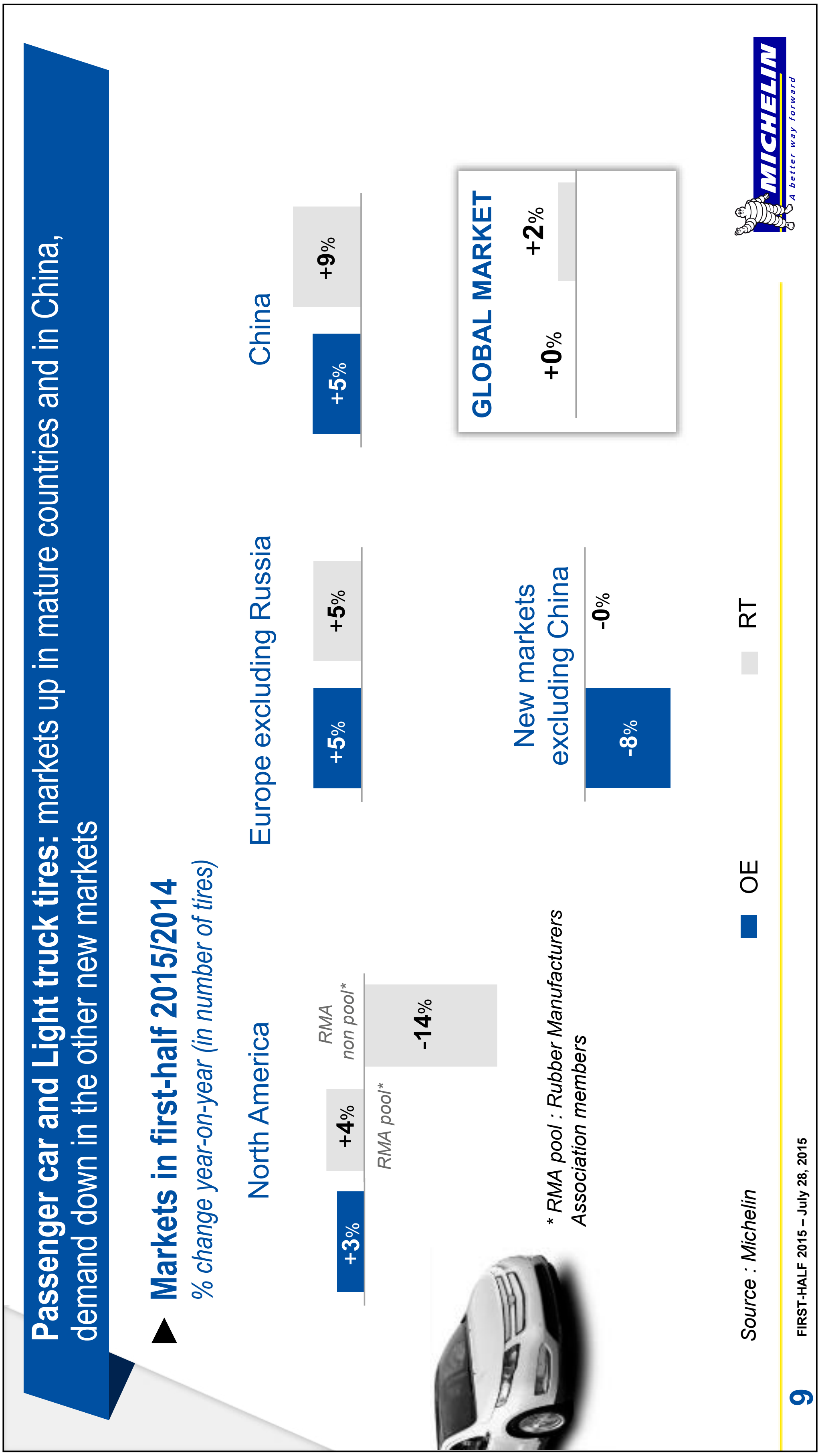
In € millions	H1 2015	H1 2014
Net sales	**10,497**	9,673
Operating income *(before non-recurring items)*	**1,262**	1,159
Operating margin *(before non-recurring items)*	**12%**	12%
Non-recurring items	**-17**	-87
Net income	**707**	624
Earnings per share *(in €)*	**3.79**	3.34
Capital expenditure *(excluding acquisitions)*	**632**	703
Free cash flow* *(excluding acquisitions)*	**-100**	-232
Gearing	**18%**	9%
Employee benefit obligations	**4,780**	4,025

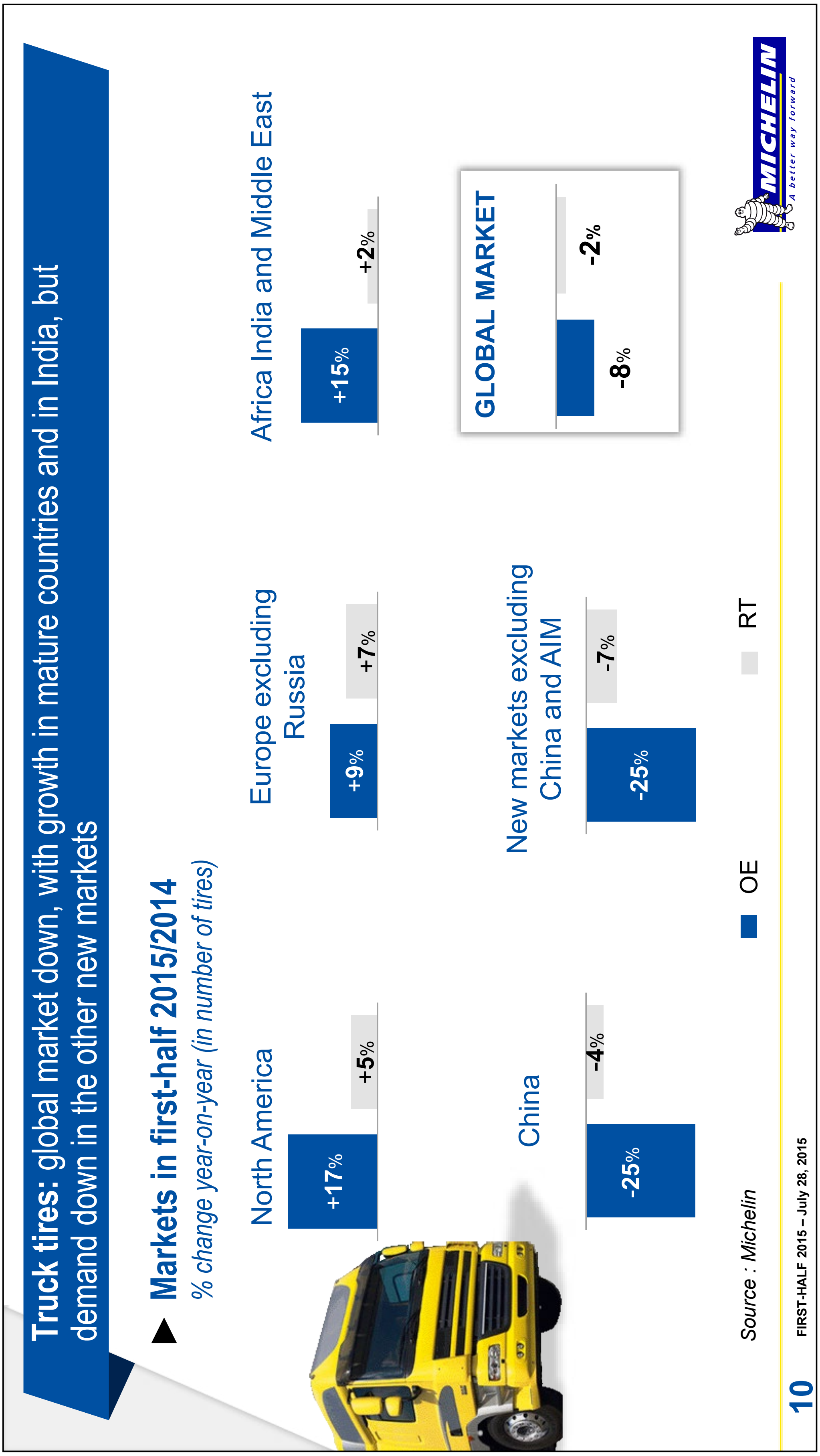
**Cash flows from operating activities less cash flows used in investing activities before acquisition*

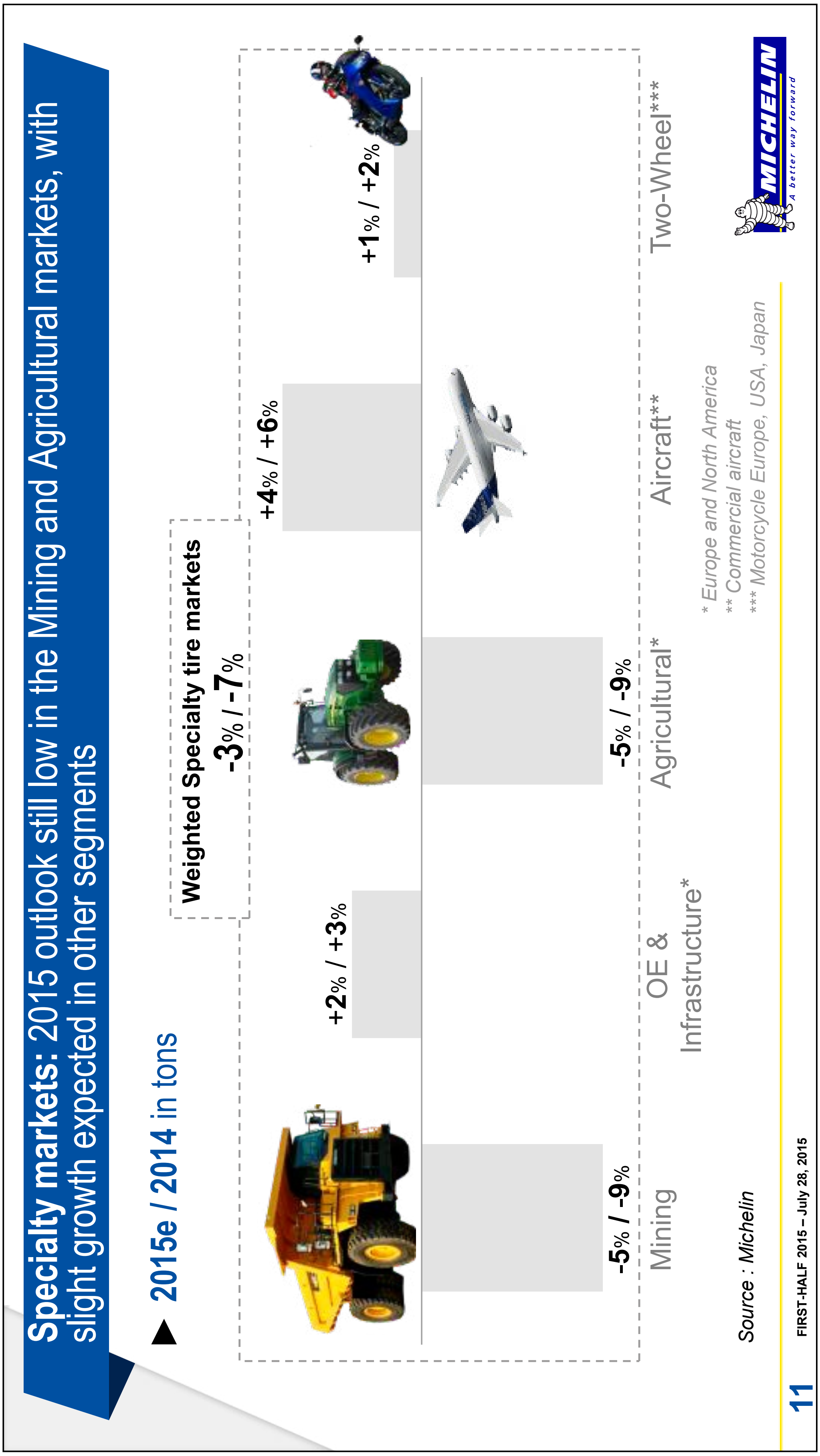
6 FIRST-HALF 2015 – July 28, 2015

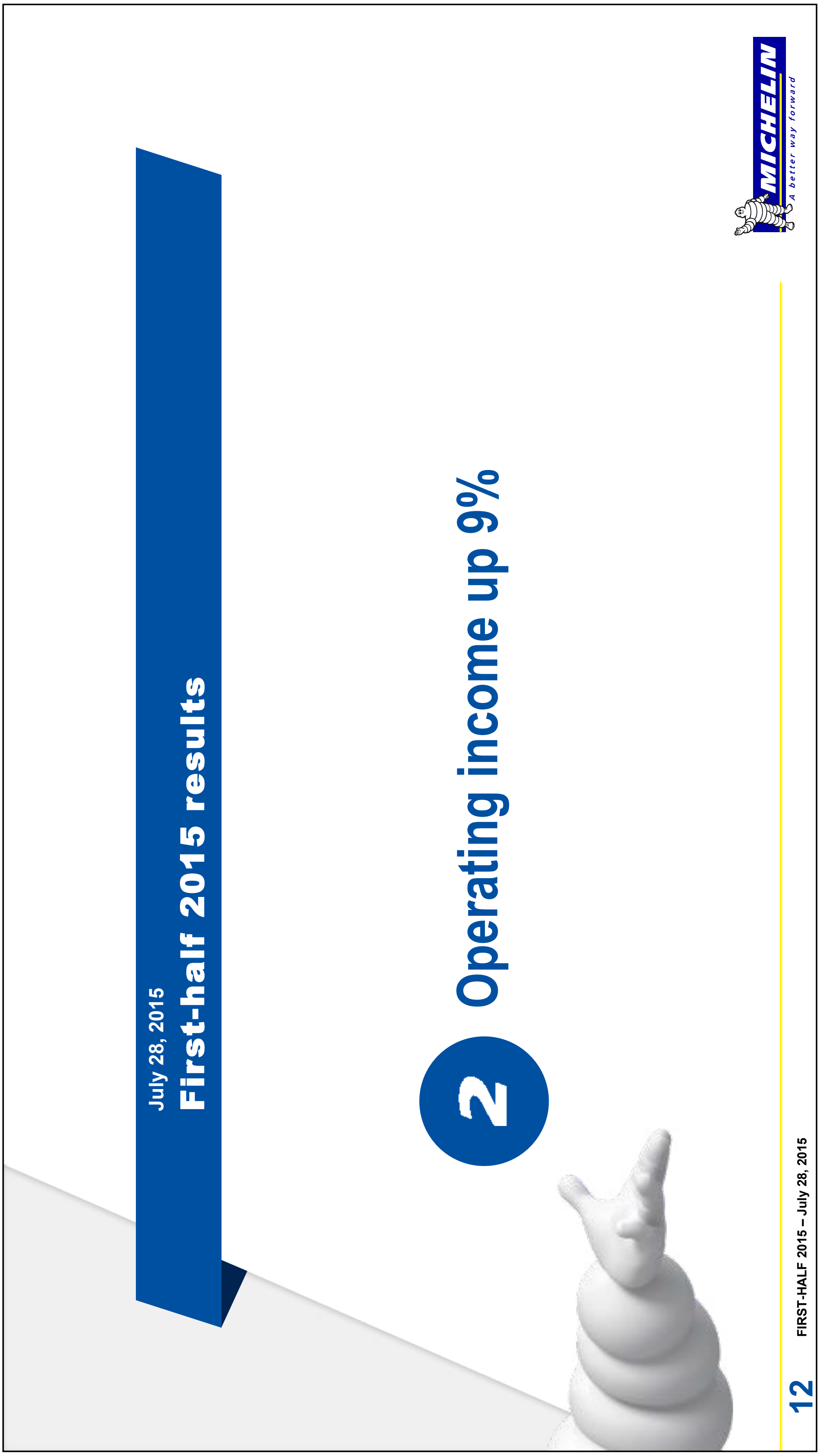

July 28, 2015
First-half 2015 results
1 Uneven Markets
2 Operating Income up 9%
3 Operating results by RS in line with Group's full-year guidance
4 Guidance confirmed
MICHELIN
A better way forward
7
FIRST-HALF 2015 – July 28, 2015


July 28, 2015
First-half 2015 results
1
Uneven markets
MICHELIN
A better way forward
8
FIRST-HALF 2015 – July 28, 2015

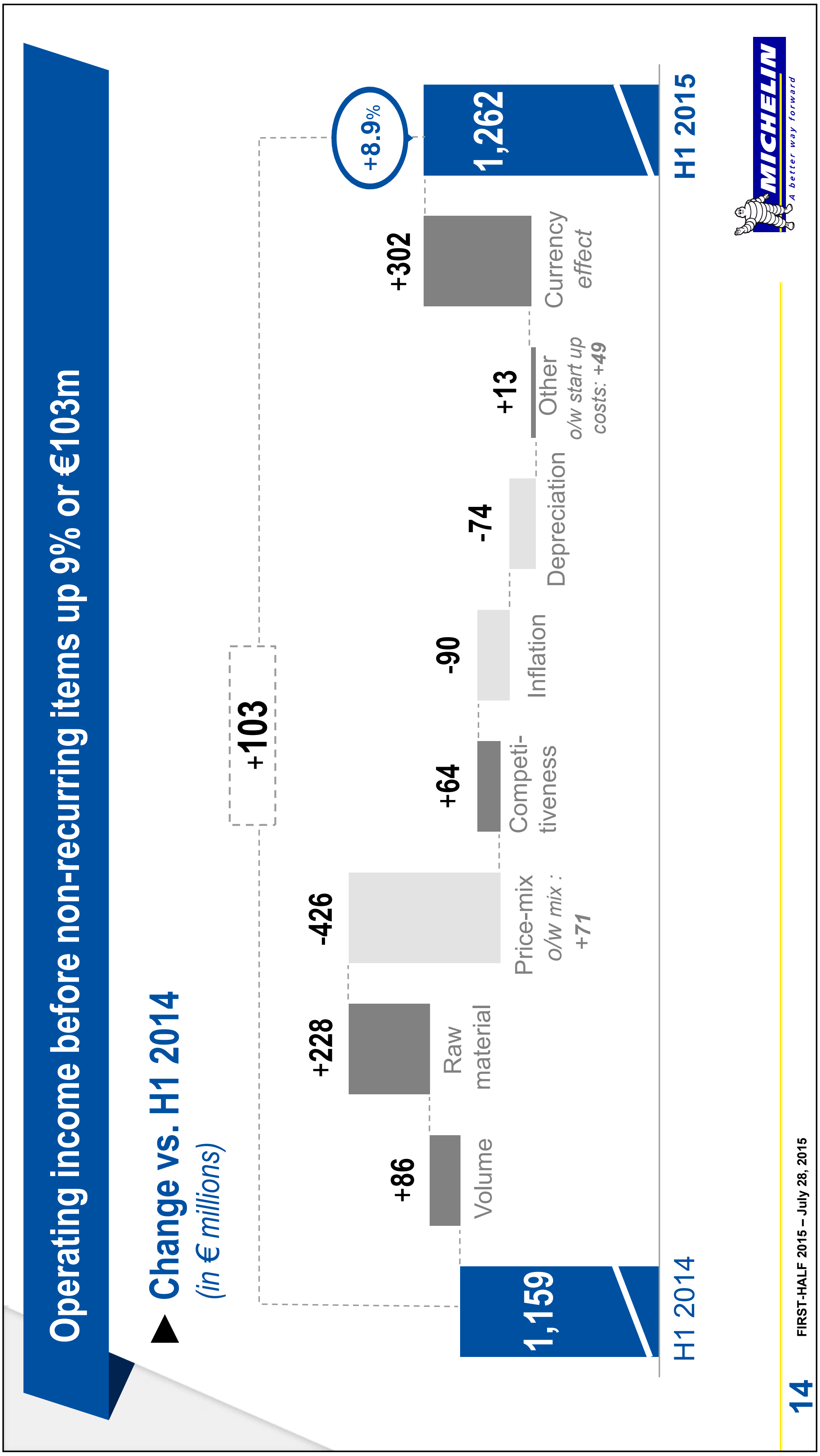

Passenger car and Light truck tires: markets up in mature countries and in China, demand down in the other new markets
Markets in first-half 2015/2014
% change year-on-year (in number of tires)
North America
+3%
+4%
RMA pool*
RMA non pool*
-14%
Europe excluding Russia
+5%
+5%
China
+5%
+9%
New markets excluding China
-8%
-0%
GLOBAL MARKET
+0%
+2%
* RMA pool : Rubber Manufacturers Association members
OE
RT
Source : Michelin
9
FIRST-HALF 2015 – July 28, 2015

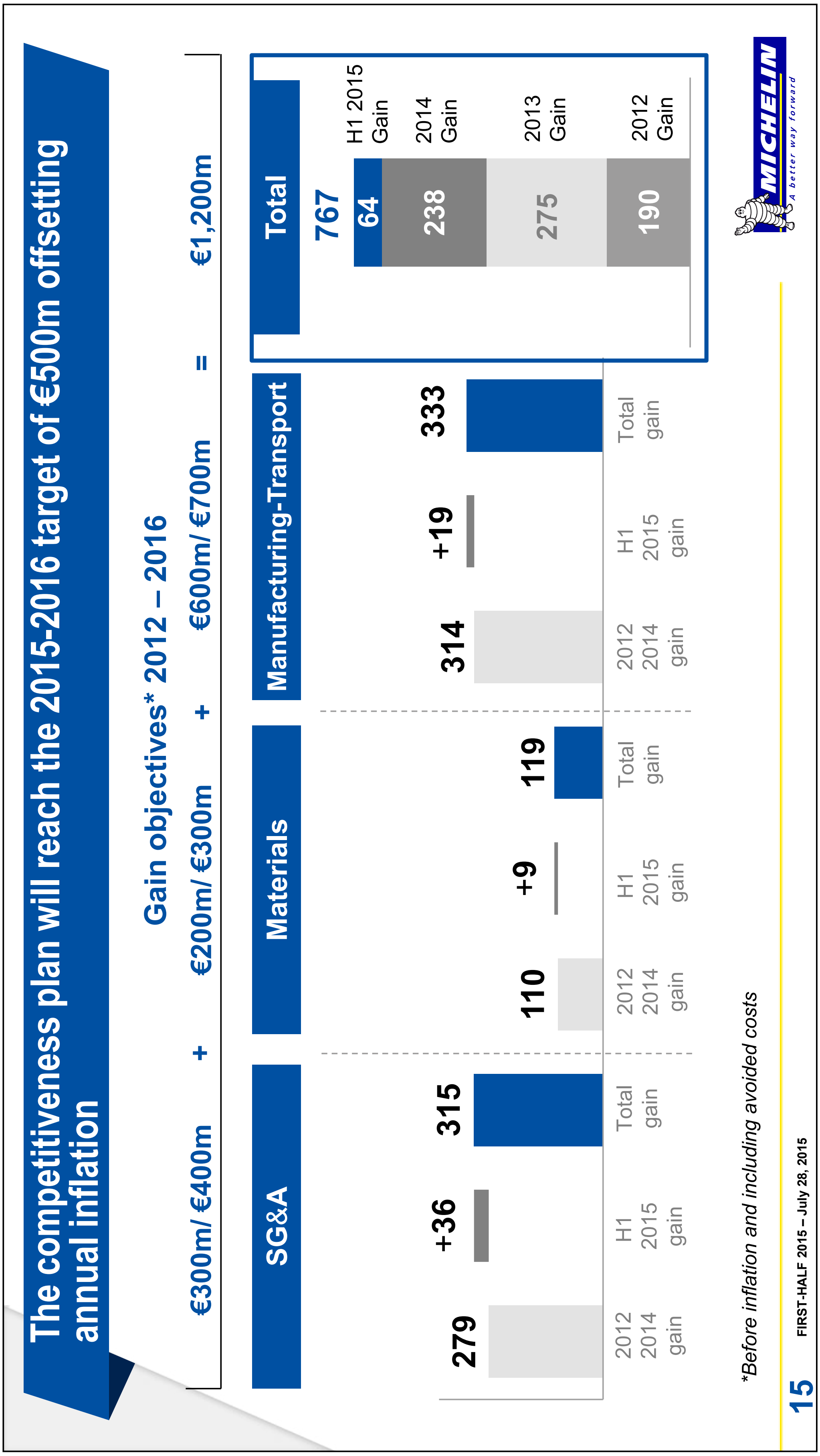

Truck tires: global market down, with growth in mature countries and in India, but demand down in the other new markets
Markets in first-half 2015/2014
% change year-on-year (in number of tires)
North America
+17%
+5%
Europe excluding Russia
+9%
+7%
Africa India and Middle East
+15%
+2%
China
-25%
-4%
New markets excluding China and AIM
-25%
-7%
GLOBAL MARKET
-8%
-2%
OE
RT
Source : Michelin
10
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward


Specialty markets: 2015 outlook still low in the Mining and Agricultural markets, with slight growth expected in other segments
2015e / 2014 in tons
Weighted Specialty tire markets
-3% / -7%
-5% / -9%
+2% / +3%
-5% / -9%
+4% / +6%
+1% / +2%
Mining
OE & Infrastructure*
Agricultural*
Aircraft**
Two-Wheel***
* Europe and North America
** Commercial aircraft
*** Motorcycle Europe, USA, Japan
Source : Michelin
11
FIRST-HALF 2015 – July 28, 2015


July 28, 2015
First-half 2015 results
2
Operating income up 9%
MICHELIN
A better way forward
12
FIRST-HALF 2015 – July 28, 2015


Net sales: above-market growth in volumes
Change vs. H1 2014
(in € millions)
9,673
H1 2014
Net sales
+232
Volume
(+2.4 %)
-426
Price-Mix
(-4.3 %)
+971
Currency effect
(+10.2 %)
+47
Change in scope
of consolidation
(+0.5 %)
+8.5%
10,497
H1 2015
Net sales
MICHELIN
A better way forward
13
FIRST-HALF 2015 – July 28, 2015


Operating income before non-recurring items up 9% or €103m
Change vs. H1 2014
(in € millions)
1,159
H1 2014
+86
Volume
+228
Raw material
-426
Price-mix
o/w mix : +71
+64
Competi-tiveness
-90
Inflation
-74
Depreciation
+13
Other
o/w start up costs: +49
+302
Currency effect
1,262
H1 2015
+103
+8.9%
A better way forward
14
FIRST-HALF 2015 – July 28, 2015

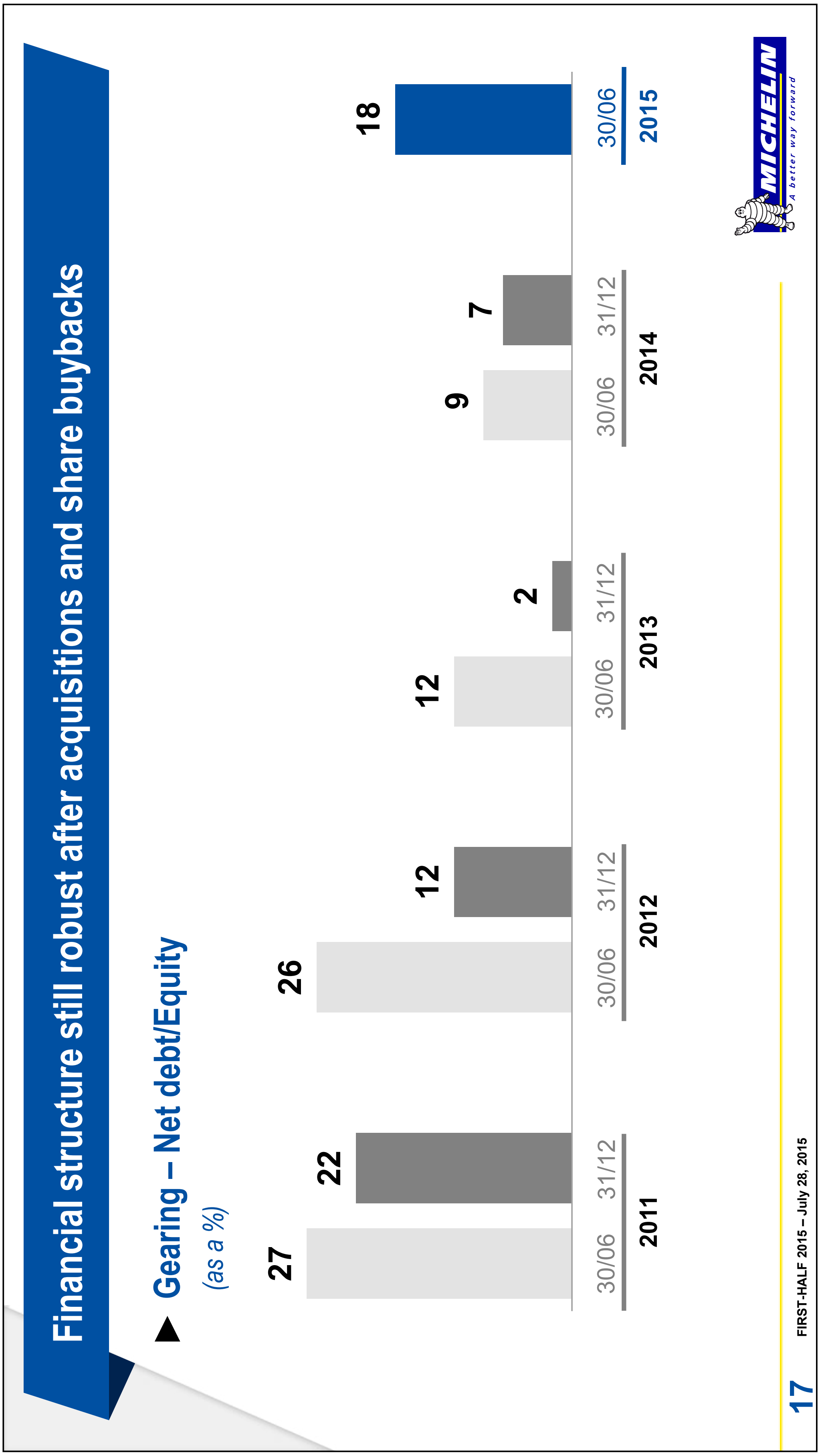

The competitiveness plan will reach the 2015-2016 target of €500m offsetting annual inflation
Gain objectives* 2012 – 2016
€300m/ €400m + €200m/ €300m + €600m/ €700m = €1,200m
SG&A
279
+36
315
2012 2014 gain
H1 2015 gain
Total gain
Materials
110
+9
119
2012 2014 gain
H1 2015 gain
Total gain
Manufacturing-Transport
314
+19
333
2012 2014 gain
H1 2015 gain
Total gain
Total
767
64
H1 2015 Gain
238
2014 Gain
275
2013 Gain
190
2012 Gain
*Before inflation and including avoided costs
15
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward

€132m Improvement in free cash flow before acquisitions

In million €

In million €	H1 2015	Reported H1 2014	Change
EBITDA	1,916	1,687	229
Change in operating WCR	(654)	(617)	-37
Restructuring cash costs	(48)	(37)	-11
Taxes and interest paid	(361)	(385)	24
Others	(43)	(12)	-31
Cash flow from operations	810	636	174
Routine capex (*Maintenance, IS/IT, Dealerships*)	(404)	(312)	-92
Available cash flow	406	324	82
Growth investments	(228)	(391)	163
Others	(278)	(165)	-113
Free cash flow before acquisitions	(100)	(232)	132
Acquisitions	(119)	(11)	-108
Free cash flow	(219)	(243)	24

16 FIRST-HALF 2015 – July 28, 2015


Financial structure still robust after acquisitions and share buybacks
Gearing – Net debt/Equity
(as a %)
27
22
26
12
12
2
9
7
18
30/06
31/12
2011
30/06
31/12
2012
30/06
31/12
2013
30/06
31/12
2014
30/06
2015
MICHELIN
A better way forward
17
FIRST-HALF 2015 – July 28, 2015


July 28, 2015
First-half 2015 results
3
Operating results by RS in line with Group's full-year guidance
MICHELIN
A better way forward
18
FIRST-HALF 2015 – July 28, 2015

Passenger car and Light truck tires and related distribution: above market growth expected to continue in H2

▶ Passenger car and Light truck tires

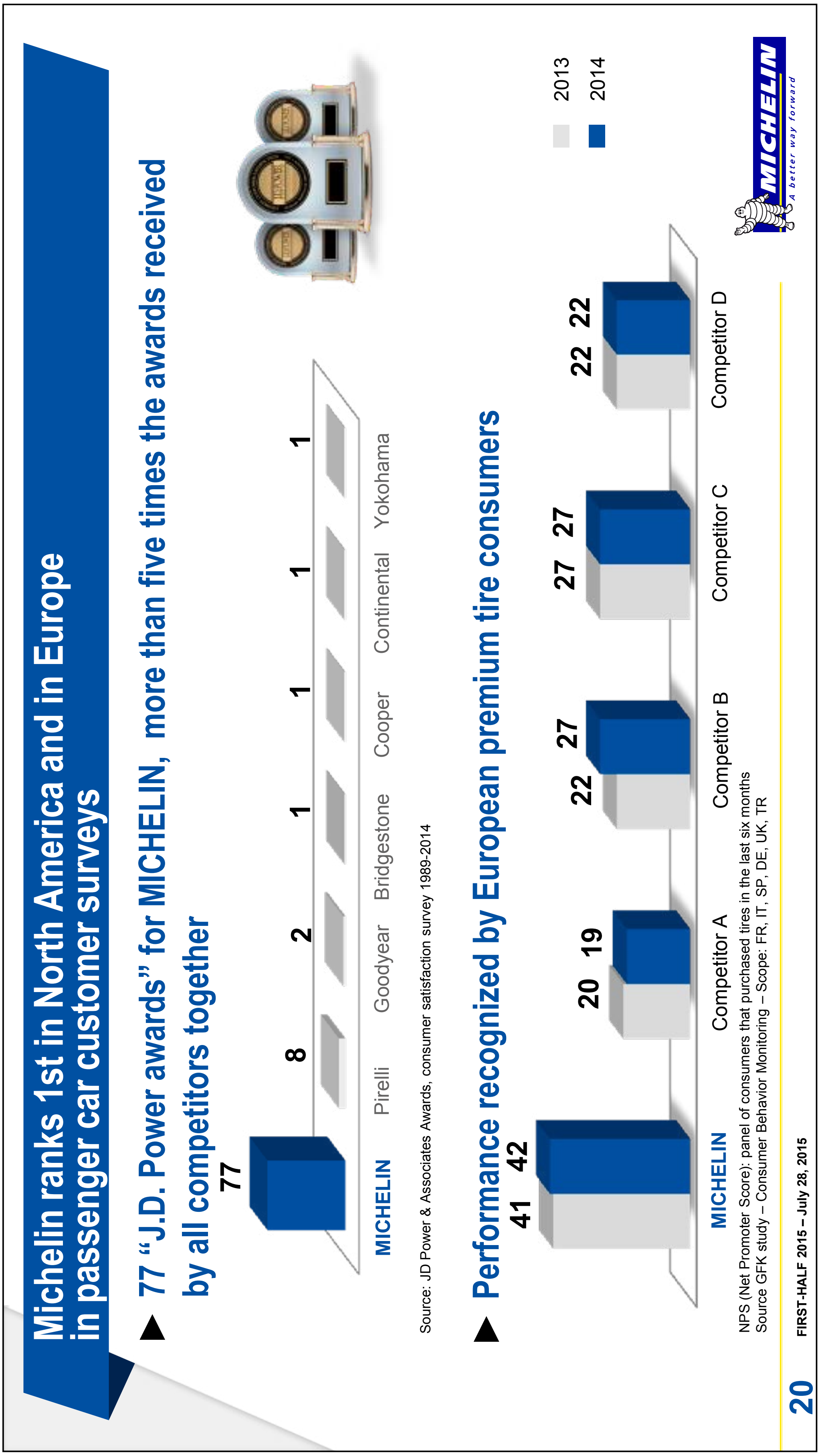
(in € millions)

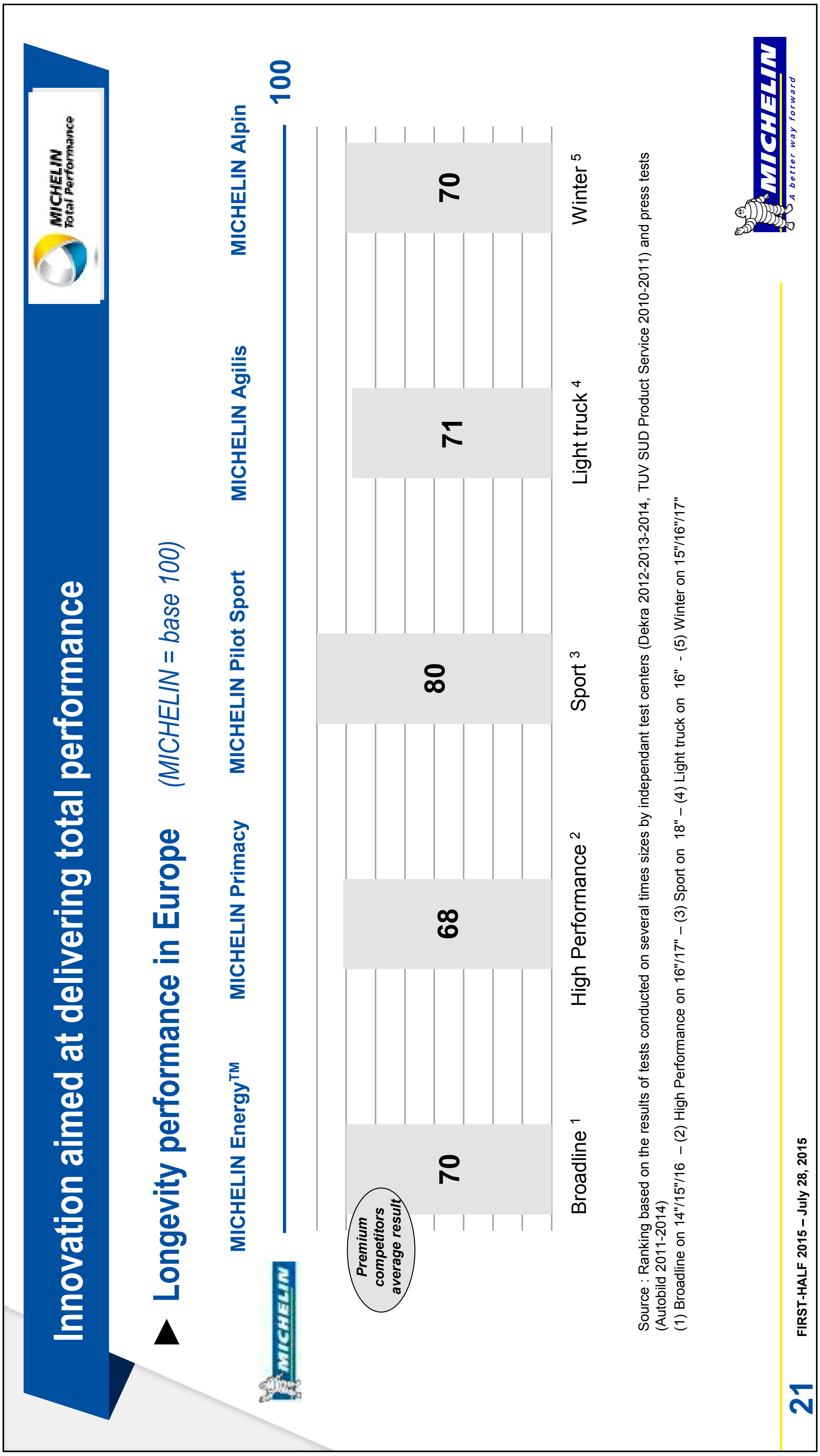
	H1 2015	Reported H1 2014	*Change*
Net Sales *Volume growth*	**5,860** **+7%**	5,167	*+13.4%*
Operating income *(before non-recurring items)*	**632**	588	*+7.5%*
Operating margin *(before non recurring items)*	**10.8%**	11.4%	*-0.6 pt*

- The Group's volumes were up 7%, far outpacing the market
  - RT: success of new MICHELIN CrossClimate and Premier A/S, BFG KO2 and COMP-2 products
  - OE: above-market growth of 4%, lifted by certifications
- Price effect
  - Heightened pricing pressure in emerging markets (especially China)
  - Significant impact from raw materials-based indexation clauses
  - Europe: price increase in the second half to offset the impact of the declining €/$ exchange rate on raw materials
- Mix effect: very positive product mix dampened by the brand mix (strong growth in Tier 2/Tier 3 brands)

MICHELIN A better way forward

19 FIRST-HALF 2015 – July 28, 2015


Michelin ranks 1st in North America and in Europe in passenger car customer surveys
77 "J.D. Power awards" for MICHELIN, more than five times the awards received by all competitors together
77
8
2
1
1
1
1
MICHELIN
Pirelli
Goodyear
Bridgestone
Cooper
Continental
Yokohama
Source: JD Power & Associates Awards, consumer satisfaction survey 1989-2014
Performance recognized by European premium tire consumers
2013
2014
41
42
20
19
22
27
27
27
22
22
MICHELIN
Competitor A
Competitor B
Competitor C
Competitor D
NPS (Net Promoter Score): panel of consumers that purchased tires in the last six months
Source GFK study – Consumer Behavior Monitoring – Scope: FR, IT, SP, DE, UK, TR
MICHELIN
A better way forward
20
FIRST-HALF 2015 – July 28, 2015


Innovation aimed at delivering total performance
MICHELIN Total Performance
Longevity performance in Europe (MICHELIN = base 100)
MICHELIN EnergyTM
MICHELIN Primacy
MICHELIN Pilot Sport
MICHELIN Agilis
MICHELIN Alpin
100
Premium competitors average result
70
68
80
71
70
Broadline 1
High Performance 2
Sport 3
Light truck 4
Winter 5
Source : Ranking based on the results of tests conducted on several times sizes by independant test centers (Dekra 2012-2013-2014, TUV SUD Product Service 2010-2011) and press tests (Autobild 2011-2014)
(1) Broadline on 14"/15"/16 – (2) High Performance on 16"/17" – (3) Sport on 18" – (4) Light truck on 16" - (5) Winter on 15"/16"/17"
21
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward

Distribution as a growth lever

- Expansion of traditional networks
  - Acquisition of minority interests in certain markets:
    - Example: Rodi in Spain
  - Development of franchising: 146 new outlets in H1 2015
    - Euromaster in Europe and TyrePlus everywhere else
    - Purchasing platform, information systems, etc.
    - 1,500 TyrePlus outlets worldwide, of which 1,200 in China
- Development of new market access routes:
  - Wholesale: acquisition of Ihle in Germany
    - Most small retailers have insufficient storage capacity in view of the large number of ranges available
    - Wholesaling is a way of guaranteeing quality of service for these retailers
  - Online sales: purchase of a stake in Allopneus and acquisition of Blackcircles
    - In France, 70% of consumers search online, and 12% of consumers buy online
    - Strong growth in online sales: up 10% per year

22 FIRST-HALF 2015 – July 28, 2015

Truck tires and related distribution : steady profitabilty improvement and seasonality tailwind for H2

▶ Truck tires

(in € millions)	H1 2015	Reported H1 2014	*Change*
Net Sales *Volume growth*	**3,068** -1%	2,927	*+4.8%*
Operating income *(before non-recurring items)*	**293**	226	*+29.6%*
Operating margin *(before non recurring items)*	**9.6%**	7.7 %	*+1.9 pt*

- Resilient volumes dip less than the markets
  - Strong growth in the OE segment in mature markets
  - Resilient retread sales in a market experiencing a significant decline
  - Successful launches of new intermediate ranges in excess capacity market conditions
- Europe price increase on H2 to offset the impact of the declining €/$ exchange rate on raw materials
- Price positioning, supplying growth markets and cost control are the key profitability levers

23 FIRST-HALF 2015 – July 28, 2015

Specialty tires: 2015 operating margin in line with 2014

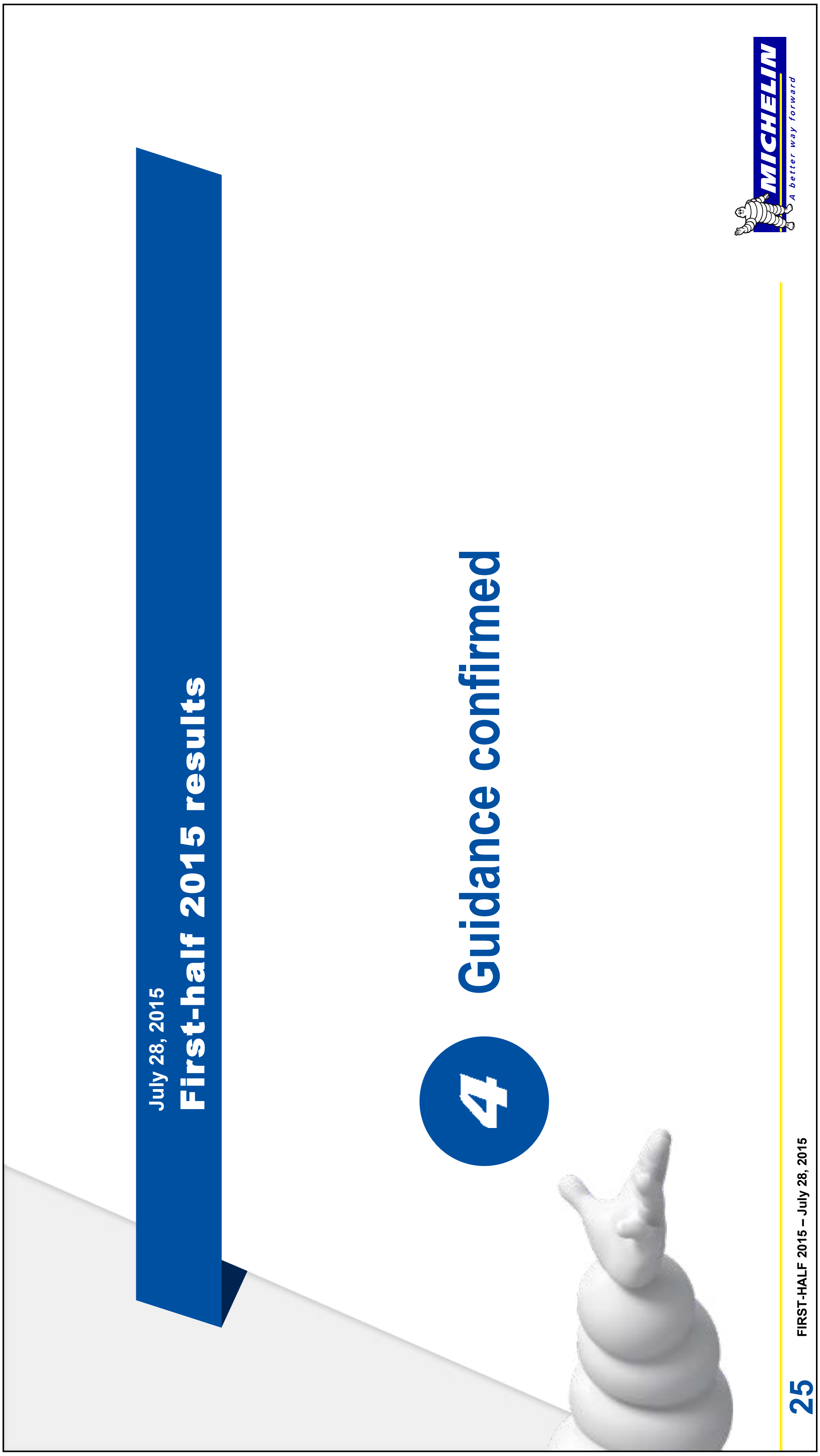
▶ **Specialty tires**
(in € millions)

	H1 2015	Reported H1 2014	Change
Net Sales *Volume growth*	**1,569** -5%	1,579	*-0.6%*
Operating income *(before non-recurring items)*	**337**	345	*-2.3%*
Operating margin *(before non recurring items)*	**21.5%**	21.8%	*-0.3 pt*

- Volumes slightly better than the market
  - Continued inventory drawdowns by mining companies in a flat commodities market
  - Agricultural tires: Michelin elected supplier of the year by John Deere and CNH Industrial
- Unit margin squeezed by timelag effect of raw materials-based indexation clauses

24 FIRST-HALF 2015 – July 28, 2015

MICHELIN A better way forward


July 28, 2015
First-half 2015 results
4
Guidance confirmed
MICHELIN
A better way forward
25
FIRST-HALF 2015 – July 28, 2015

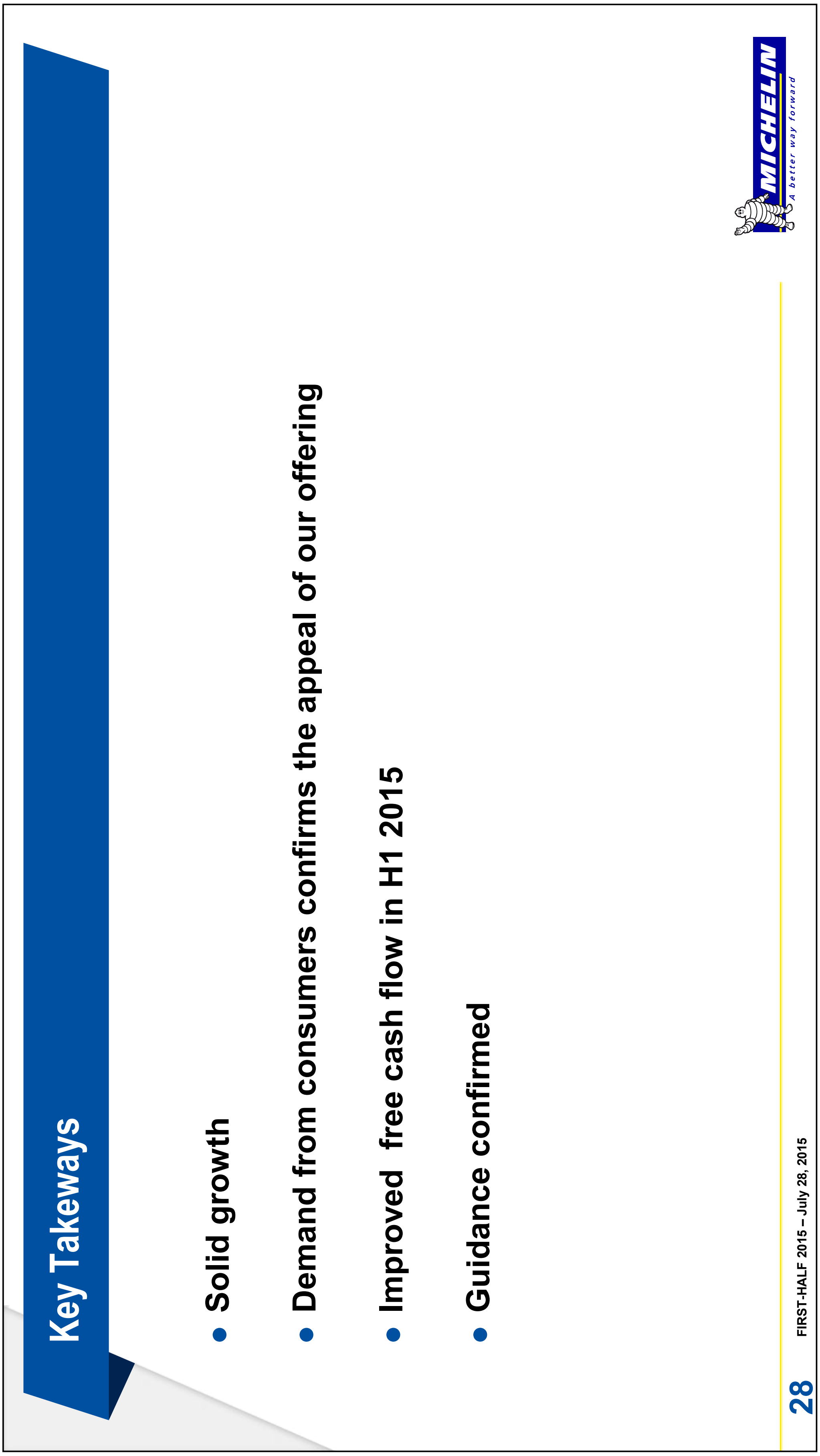
Guidance confirmed

	2015	2015 old
Volumes	**Growth above markets**	**Growth in line with the markets**
EBIT before non recurring	**Up beyond currency effect**	**Up beyond currency effect**
Impact of raw materials*	no change	Around €600m tailwind
Price-mix / Raw materials	Indexed business : negative Non indexed business : neutral	Negative in H1, positive full year
Competitiveness / cost inflation	no change	Neutral over the year
Currency effect on EBIT*	no change	Above €350m
Structural FCF	**Above €700m**	**Approx. €700m**
Capital expenditure	no change	Around €1,800m
ROCE	**More than 11%**	**More than 11%**

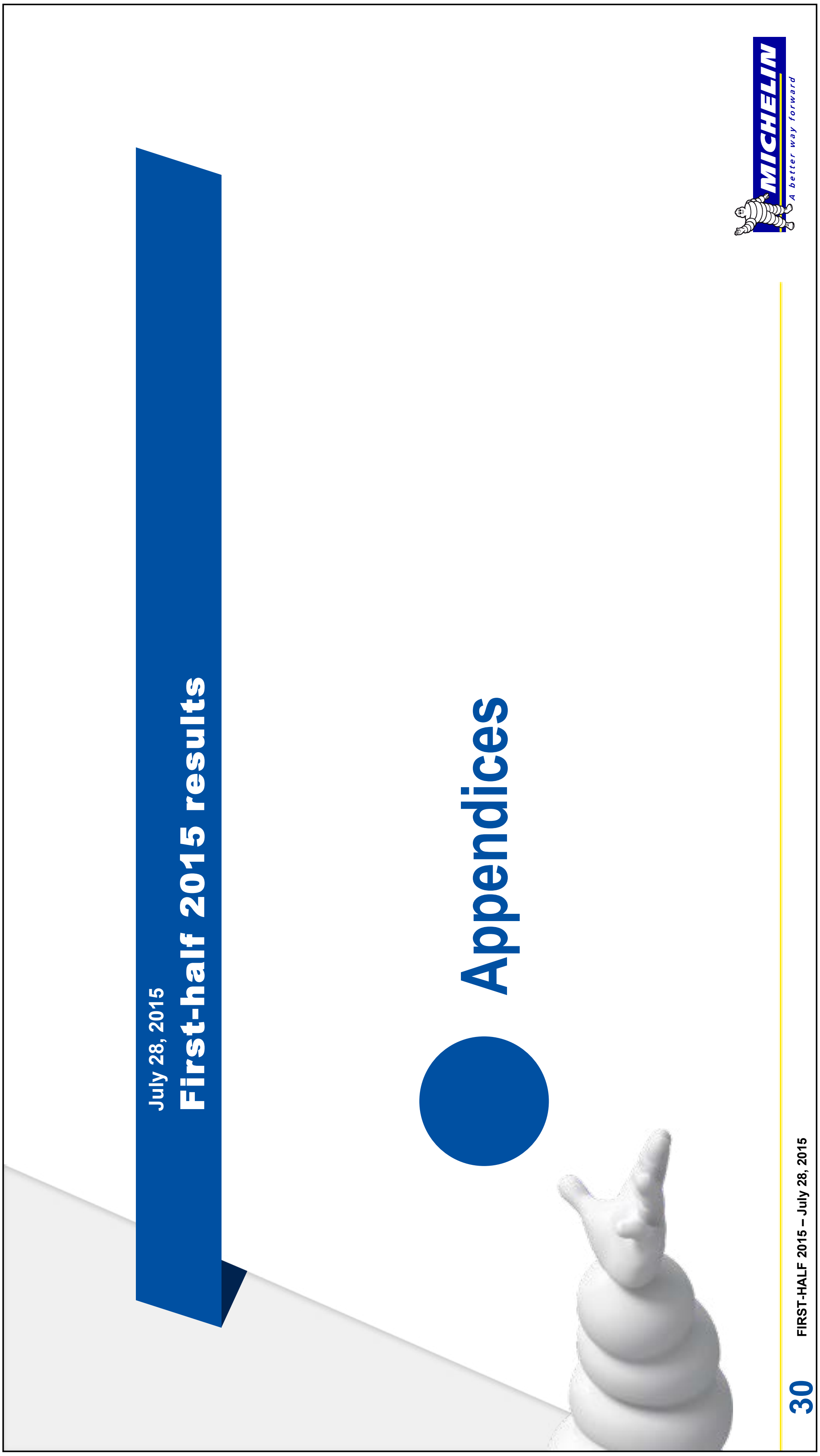
** Based on an annual average €/$ exchange rate of 1.12, an oil price of $60 per barrel and a natural rubber price of $1.60 per kilo.*

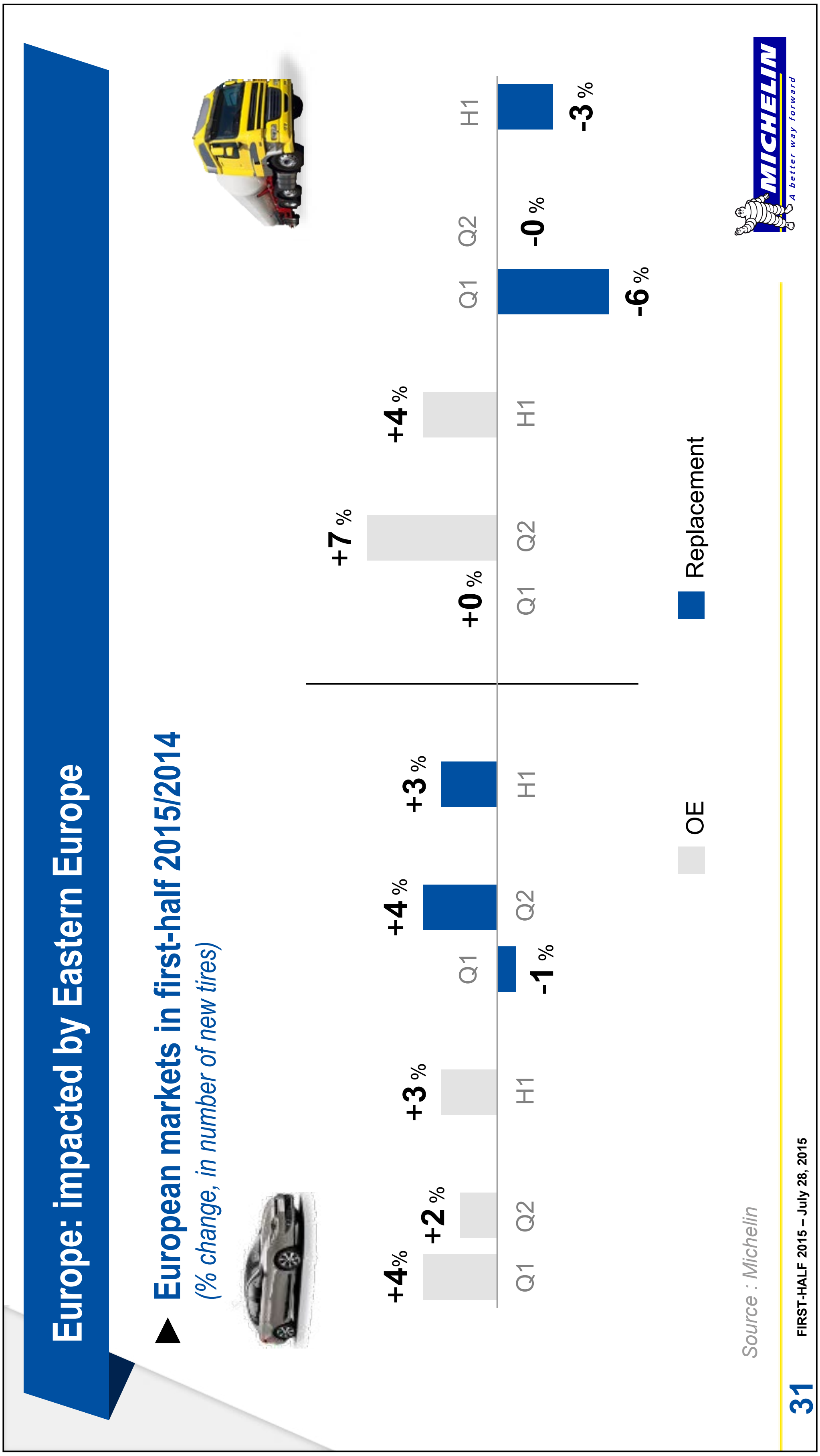
26 FIRST-HALF 2015 – July 28, 2015


€750m share buyback program
First tranche of €250m almost complete as of July 22
– Number of shares purchased: 2,415,485
– Purchase cost: €230m
– Weighted average price: €95.16
MICHELIN
A better way forward
27
FIRST-HALF 2015 – July 28, 2015


Key Takeaways
• Solid growth
• Demand from consumers confirms the appeal of our offering
• Improved free cash flow in H1 2015
• Guidance confirmed
28
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward


NEW MICHELIN
CROSSCLIMATE TYRE.
ARM YOURSELF FOR EVERY
WEATHER CONDITION.
MICHELIN
Michelin creates CrossClimate, the first tyre able to cope with unexpected weather thanks to its revolutionary performances in dry braking, wet grip ("A" rating for wet braking) and traction on snow (certified 3PMSF for performance on snow).
Test the MICHELIN CrossClimate innovation at: www.crossclimate.michelin.co.uk

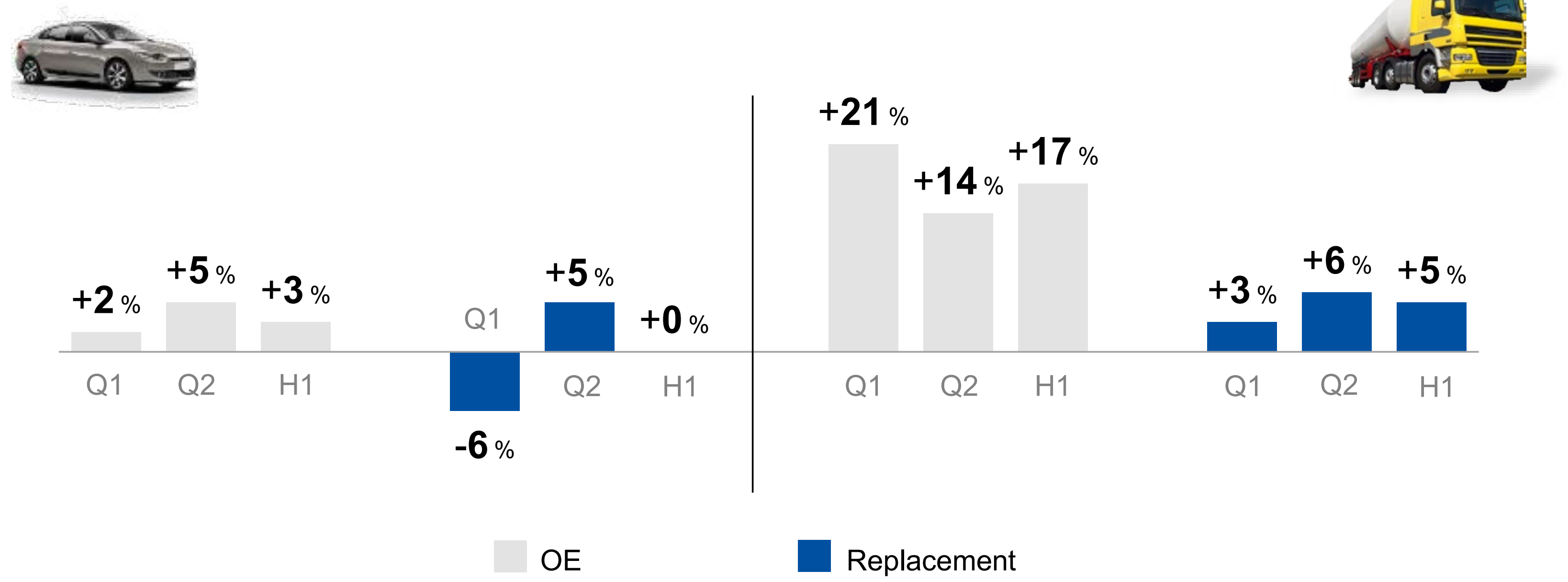

July 28, 2015
First-half 2015 results
Appendices
MICHELIN
A better way forward
30
FIRST-HALF 2015 – July 28, 2015


Europe: impacted by Eastern Europe
European markets in first-half 2015/2014
(% change, in number of new tires)
+4%
+2%
+3%
-1%
+4%
+3%
Q1
Q2
H1
Q1
Q2
H1
+0%
+7%
+4%
-6%
-0%
-3%
Q1
Q2
H1
Q1
Q2
H1
OE
Replacement
Source : Michelin
31
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward

North America: reduction in inventory of Passenger car and Light truck tire imports from China, strong growth in Trucks

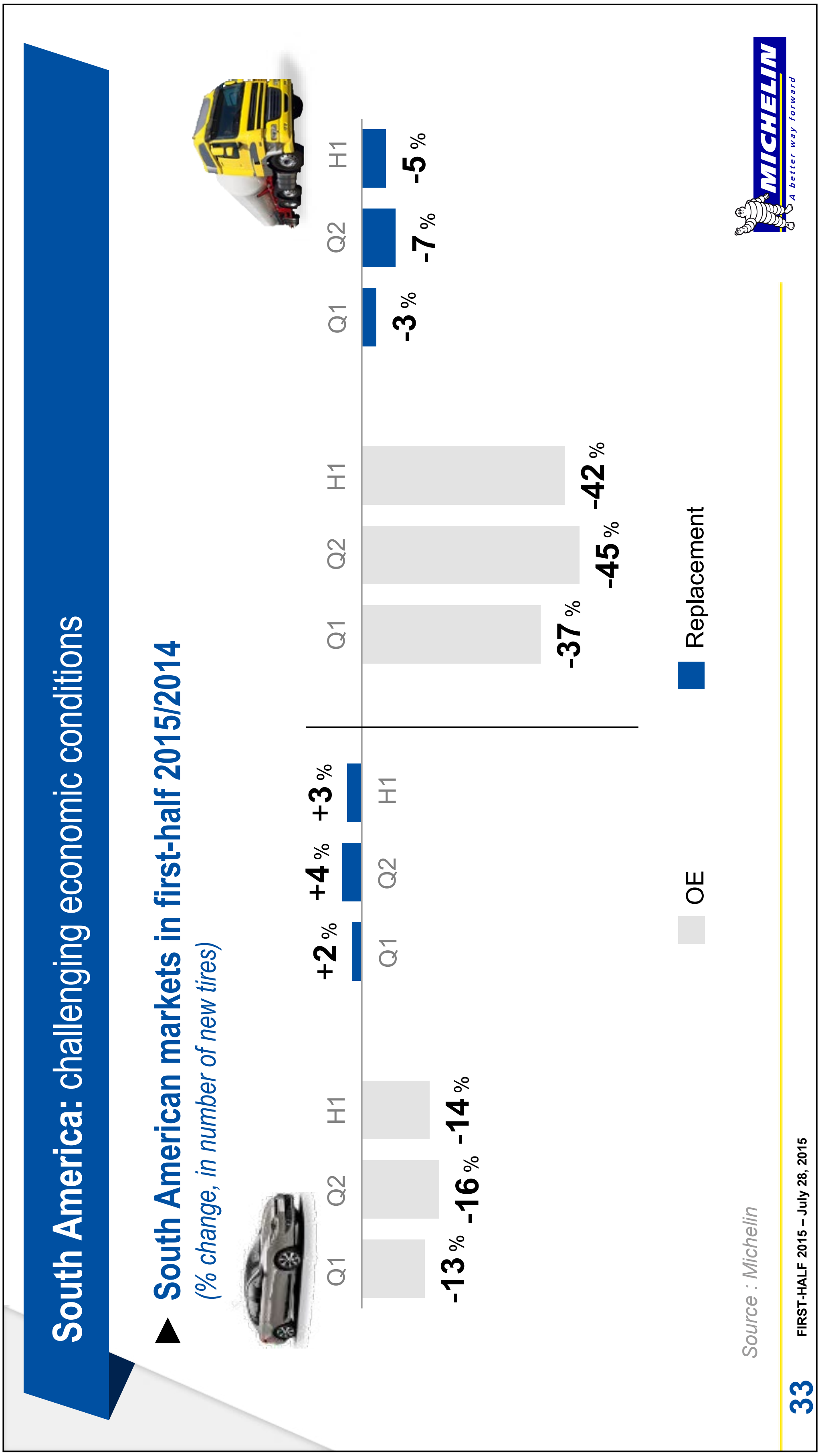
▶ North American markets in first-half 2015/2014

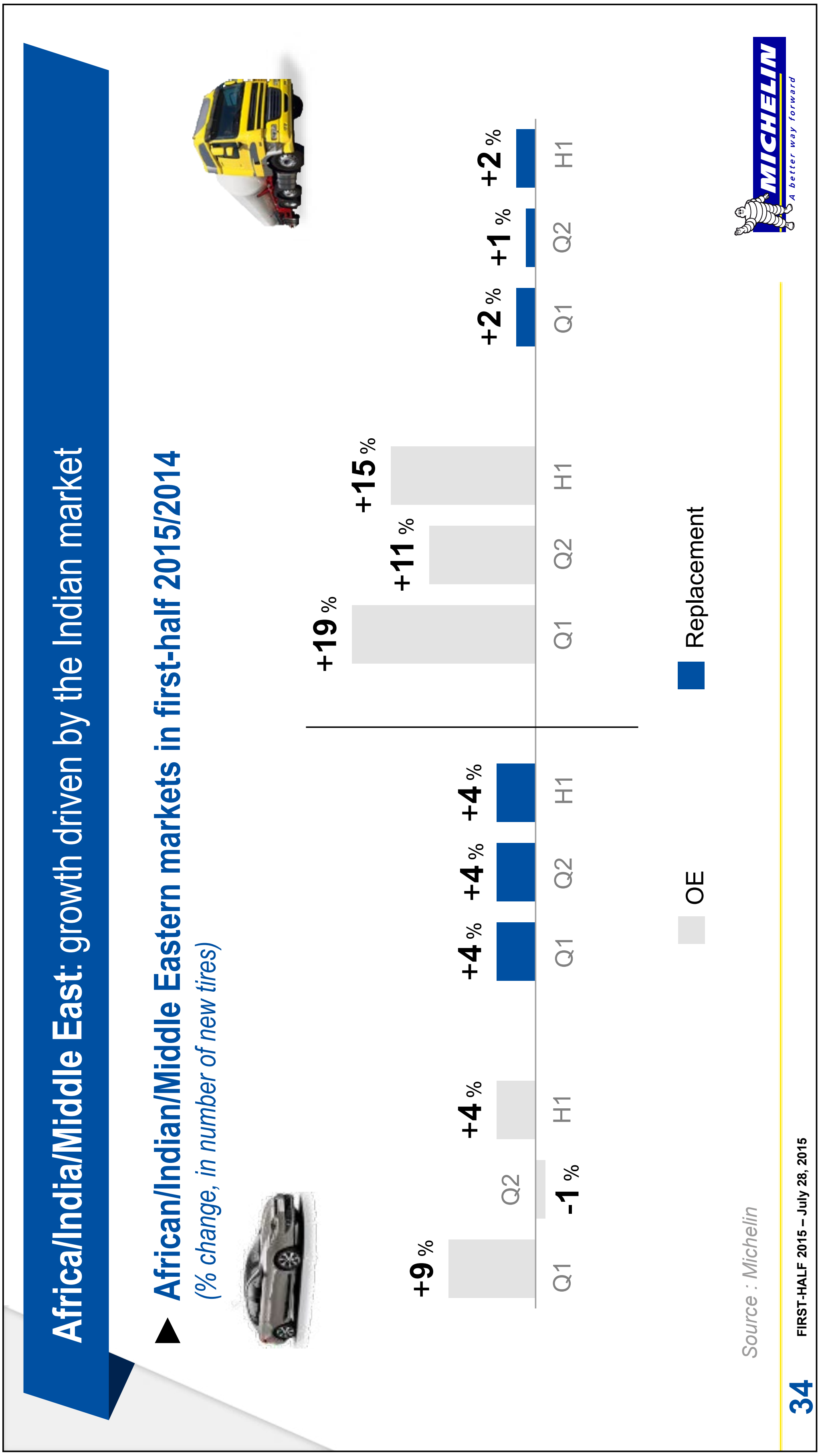
(% change, in number of new tires)

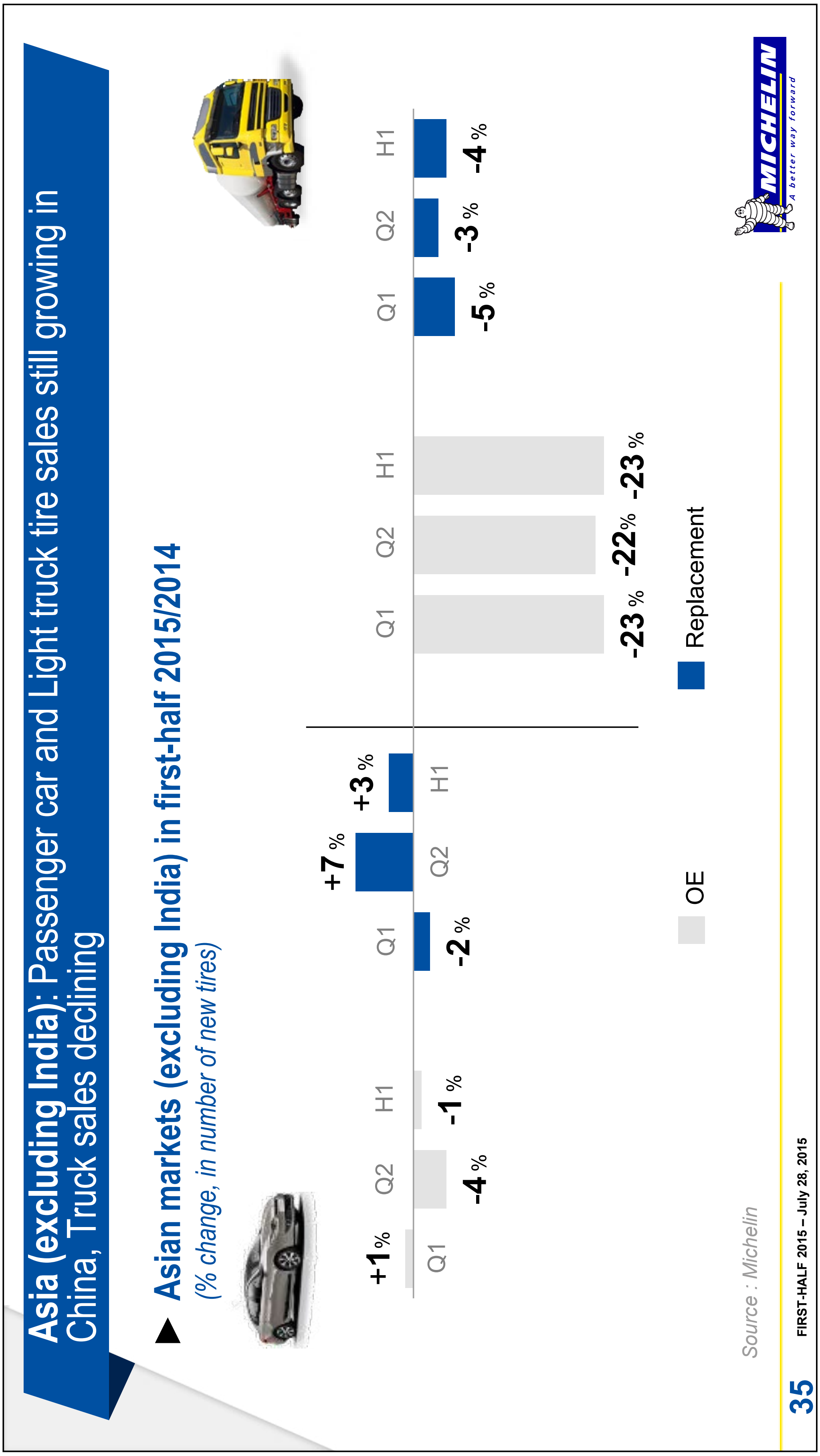


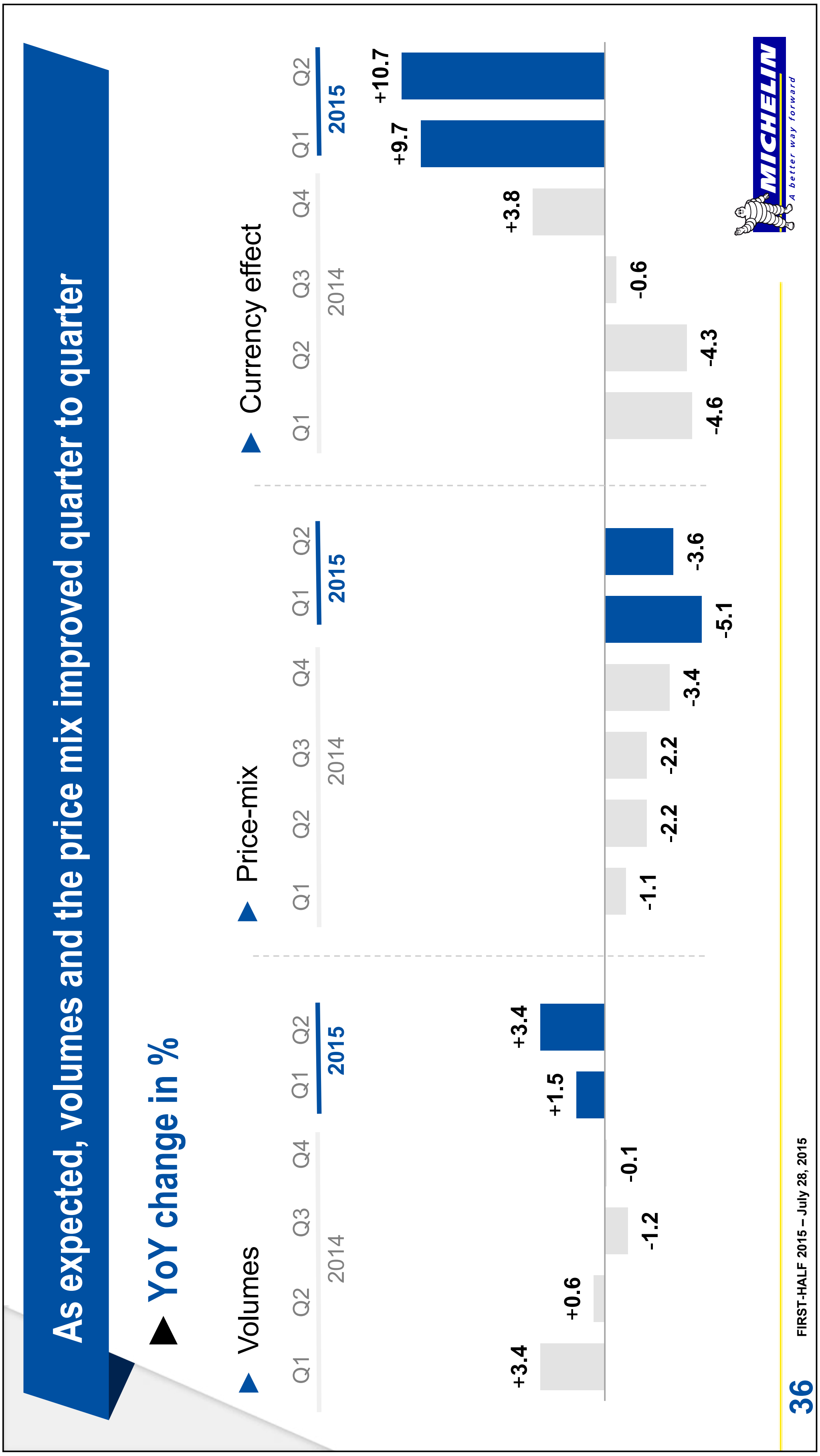
Source : Michelin

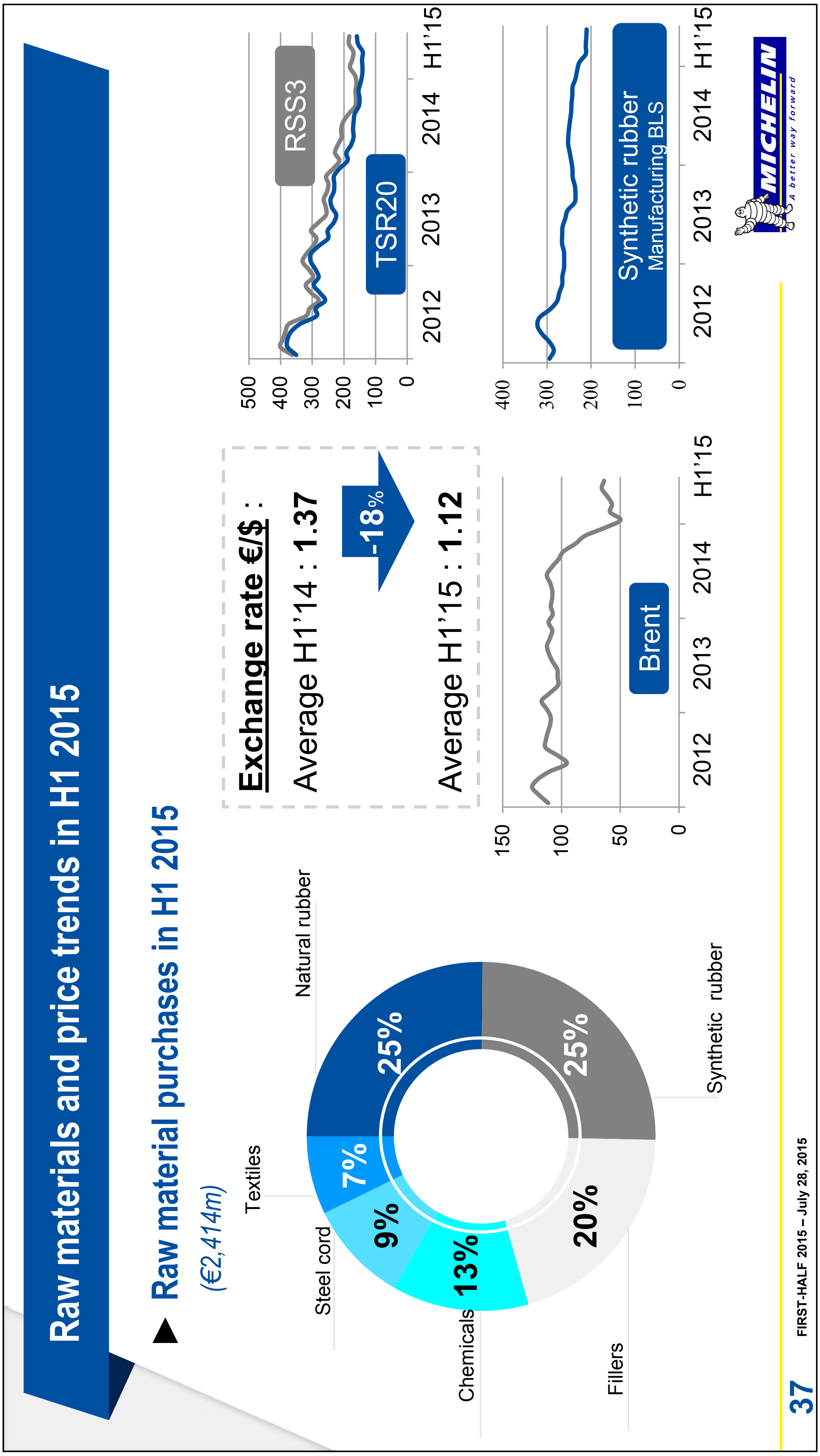
32 FIRST-HALF 2015 – July 28, 2015

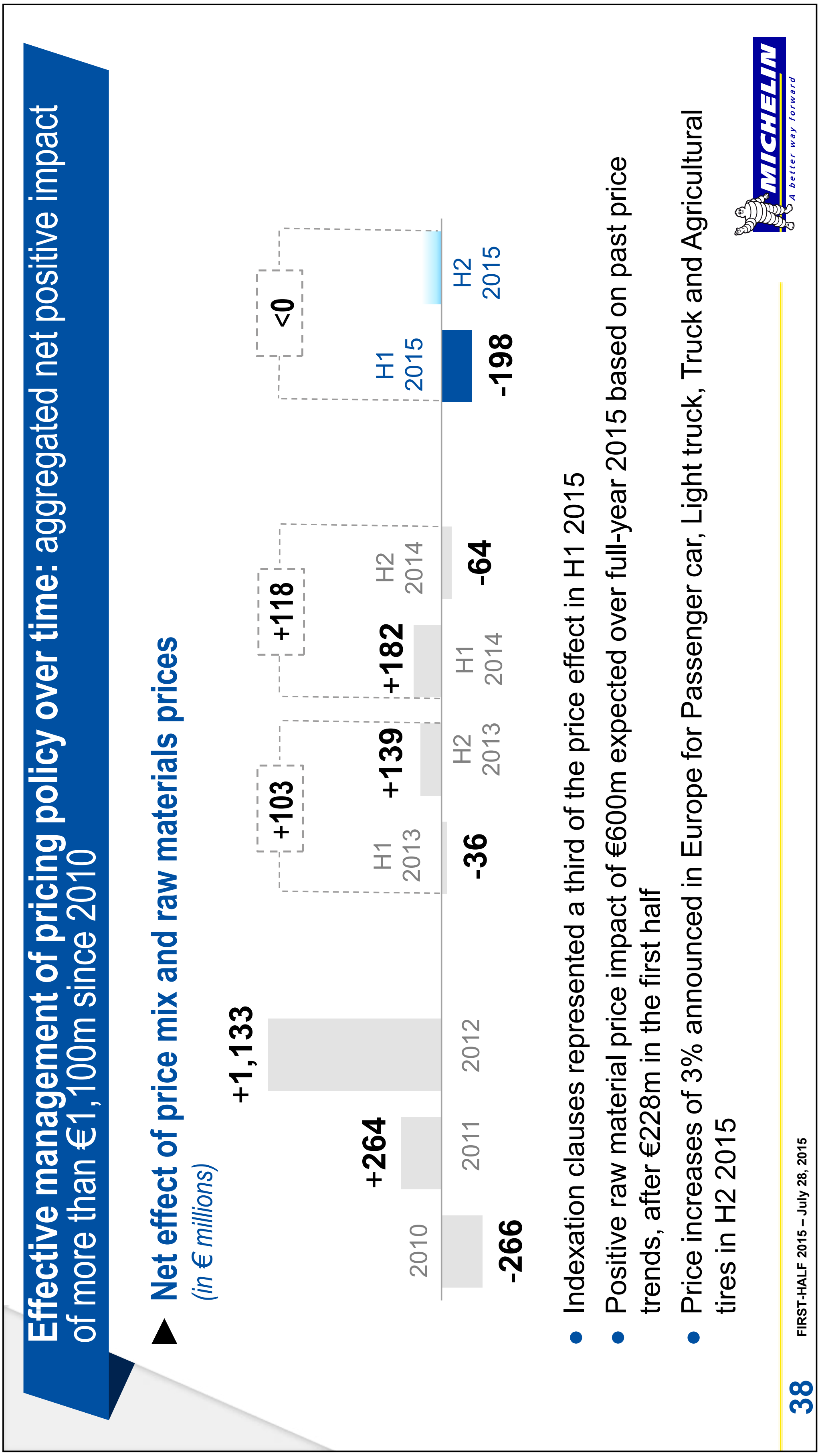

South America: challenging economic conditions
South American markets in first-half 2015/2014
(% change, in number of new tires)
Q1
Q2
H1
-13 %
-16 %
-14 %
+2 %
+4 %
+3 %
-37 %
-45 %
-42 %
-3 %
-7 %
-5 %
OE
Replacement
Source : Michelin
MICHELIN
A better way forward
33
FIRST-HALF 2015 – July 28, 2015


Africa/India/Middle East: growth driven by the Indian market
African/Indian/Middle Eastern markets in first-half 2015/2014
(% change, in number of new tires)
+9 %
-1 %
+4 %
Q1
Q2
H1
+4 %
+4 %
+4 %
Q1
Q2
H1
+19 %
+11 %
+15 %
Q1
Q2
H1
+2 %
+1 %
+2 %
Q1
Q2
H1
OE
Replacement
Source : Michelin
34
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward


Asia (excluding India): Passenger car and Light truck tire sales still growing in China, Truck sales declining
Asian markets (excluding India) in first-half 2015/2014
(% change, in number of new tires)
Q1
Q2
H1
+1 %
-4 %
-1 %
-2 %
+7 %
+3 %
-23 %
-22 %
-23 %
-5 %
-3 %
-4 %
OE
Replacement
Source : Michelin
35
FIRST-HALF 2015 – July 28, 2015
MICHELIN
A better way forward


As expected, volumes and the price mix improved quarter to quarter
YoY change in %
Volumes
Q1 Q2 Q3 Q4 Q1 Q2
2014 2015
+3.4 +0.6 -1.2 -0.1 +1.5 +3.4
Price-mix
Q1 Q2 Q3 Q4 Q1 Q2
2014 2015
-1.1 -2.2 -2.2 -3.4 -5.1 -3.6
Currency effect
Q1 Q2 Q3 Q4 Q1 Q2
2014 2015
-4.6 -4.3 -0.6 +3.8 +9.7 +10.7
36
FIRST-HALF 2015 – July 28, 2015


Raw materials and price trends in H1 2015
Raw material purchases in H1 2015
(€2,414m)
Natural rubber
25%
Synthetic rubber
25%
Fillers
20%
Chemicals
13%
Steel cord
9%
Textiles
7%
Exchange rate €/$:
Average H1'14 : 1.37
-18%
Average H1'15 : 1.12
Brent
150
100
50
0
2012
2013
2014
H1'15
RSS3
TSR20
500
400
300
200
100
0
Synthetic rubber
Manufacturing BLS
400
300
200
100
0
MICHELIN
A better way forward
37
FIRST-HALF 2015 – July 28, 2015


Effective management of pricing policy over time: aggregated net positive impact of more than €1,100m since 2010
Net effect of price mix and raw materials prices
(in € millions)
2010
-266
2011
+264
2012
+1,133
H1 2013
-36
H2 2013
+139
+103
H1 2014
+182
H2 2014
-64
+118
H1 2015
-198
H2 2015
<0
Indexation clauses represented a third of the price effect in H1 2015
Positive raw material price impact of €600m expected over full-year 2015 based on past price trends, after €228m in the first half
Price increases of 3% announced in Europe for Passenger car, Light truck, Truck and Agricultural tires in H2 2015
MICHELIN
A better way forward
38
FIRST-HALF 2015 – July 28, 2015

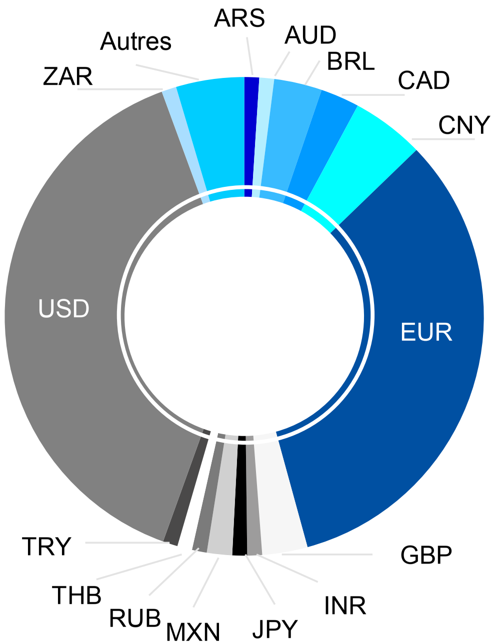
Performance acknowledged by the German press

- **MICHELIN Primacy 3** : **1st summer tire**
  - Autobild 2014 : (225/50R17)
  - ADAC 2015 : (205/55R16)
- **MICHELIN Pilot Alpin PA4** :
  - Best recommendation Autobild 2014 (235/35R19)
- **MICHELIN Energy™ Saver +** :
  - Best recommendation Autobild 2015 (185/60R15)

39 FIRST-HALF 2015 – July 28, 2015

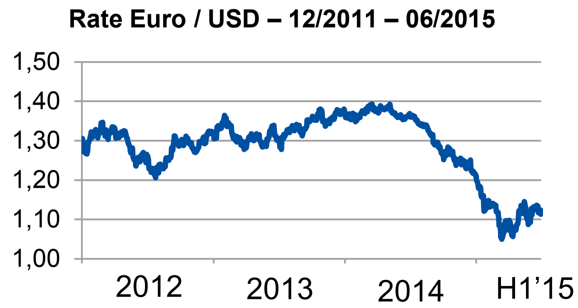
2015 guidance: estimated positive currency effect of over €350m on EBIT

▶ Breakdown of H1 2015 net sales by currency



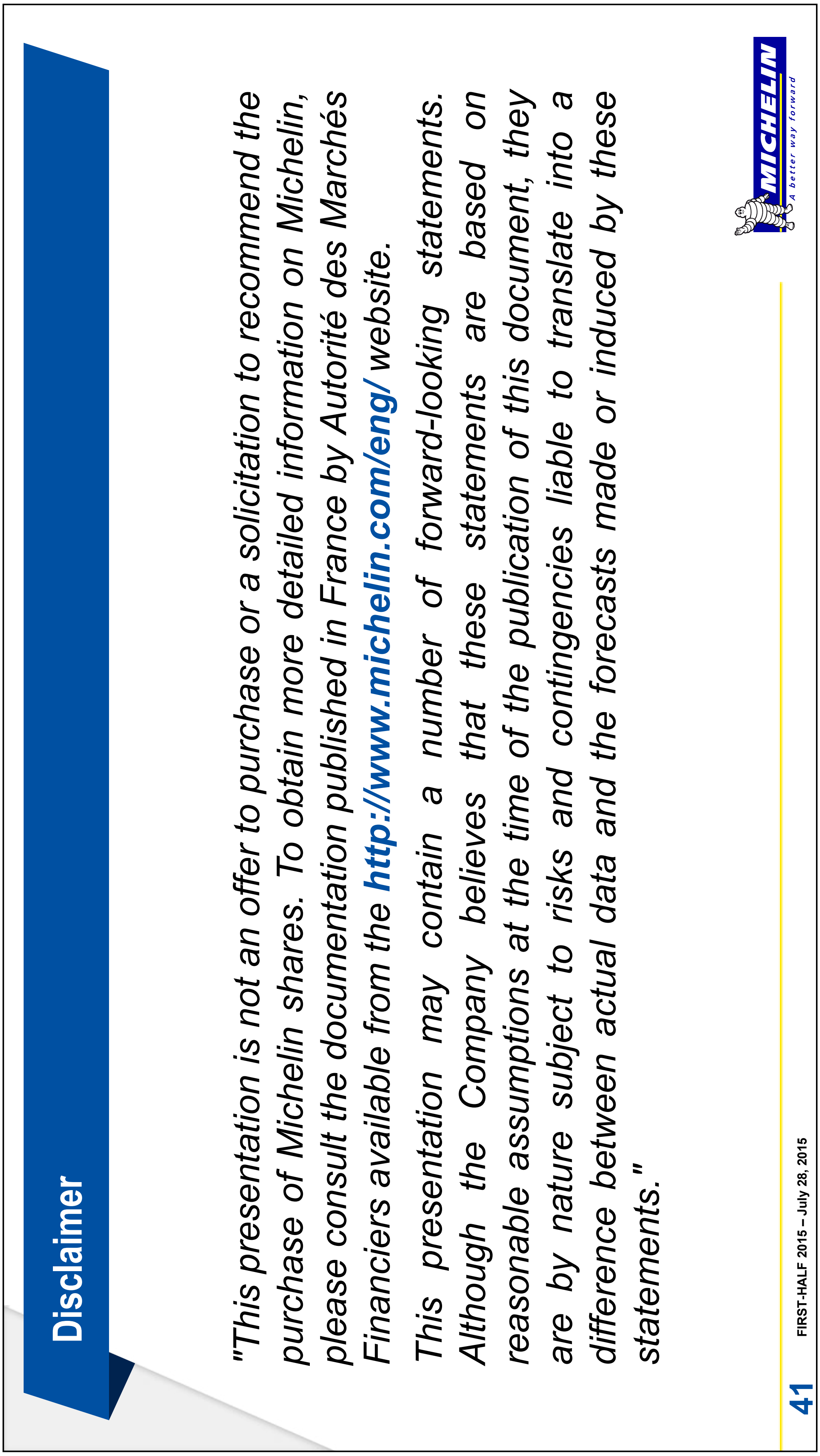
	% of net sales
ARS	1%
AUD	1%
BRL	3%
CAD	3%
CNY	5%
EUR	33%
GBP	3%
INR	1%
JPY	1%
MXN	2%
RUB	1%
THB	1%
TRY	1%
USD	39%
ZAR	1%
Autres	5%

Sensitivity of EBIT to the €/$ exchange rate: one cent change in the annual average €/$ exchange rate would result in a €15m-€20m change in full-year EBIT.



Source : Thomson One

40 FIRST-HALF 2015 – July 28, 2015


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."
MICHELIN
A better way forward
41
FIRST-HALF 2015 – July 28, 2015

Contacts

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@fr.michelin.com

42 FIRST-HALF 2015 – July 28, 2015

3 FIRST-HALF BUSINESS REVIEW

3.1 TIRE MARKETS

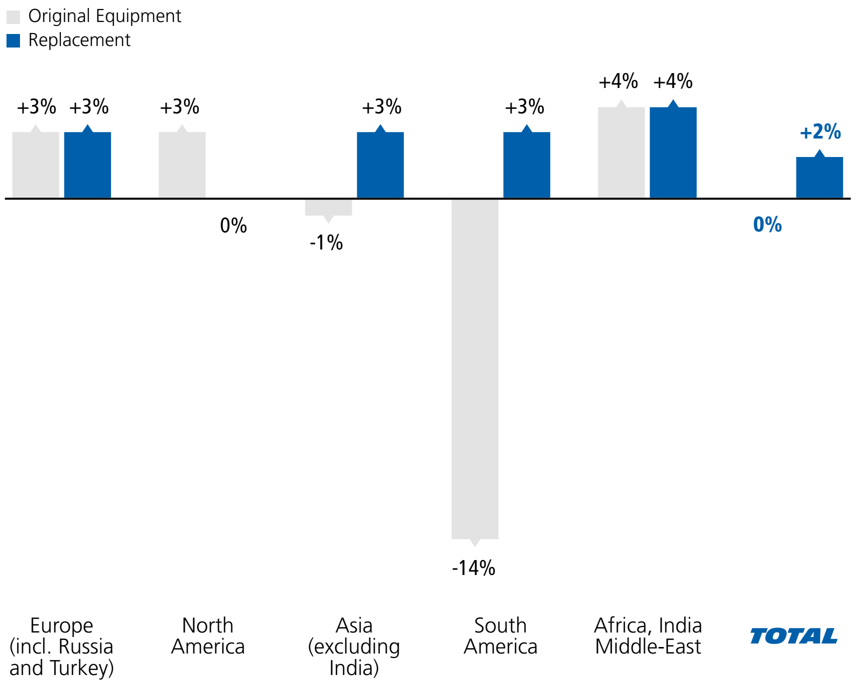
Conditions in the global tire markets were challenging in the first six months of 2015. Demand for Passenger car and Light truck and Truck tires rose steadily in North America, China and, to a lesser extent, Western Europe but continued to fall in Eastern Europe, Brazil and Thailand. In addition, mining tire customers further drew down inventory and the Agricultural tire segment saw a contraction in both OE and replacement sales.

Methodological note: Tire market estimates reflect sell-in data published by local tiremaker associations, plus Michelin's own estimates of sales by tire manufacturers that do not belong to any association. These estimates are based primarily on import-export statistics and expressed in the number of tires sold.

3.1.1 PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS

In number of tires, the global **Passenger car and Light truck** tire markets were stable year-on-year in the original equipment segment and up 2% in the replacement segment. Demand picked up for OE tires in Western Europe, continued to expand in North America and fell sharply in Brazil and Eastern Europe.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, FIRST-HALF 2015 *VS.* FIRST-HALF 2014



Michelin estimates.

3.1.1 a) Original equipment

The global OE market was stable over the period, although demand was buoyant in certain geographies, such as North America and Western Europe.

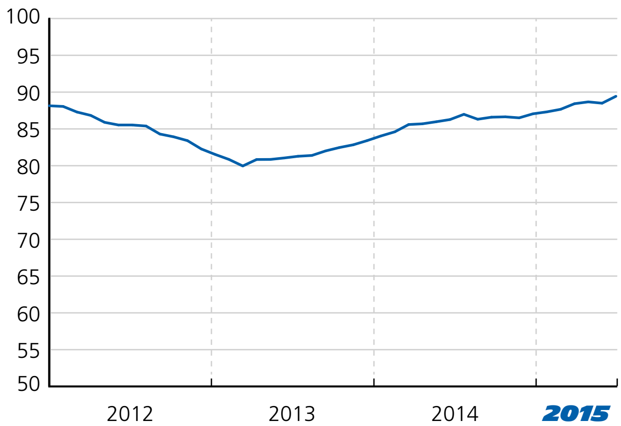
Passenger car and Light truck tire markets Original equipment *(in millions of tires)*	First-Half 2015	First-Half 2014	% change, YoY	Second-Quarter 2015, % change YoY	First-Quarter 2015, % change YoY
Europe [(1)]	51.4	49.9	+3%	+2%	+4%
North America [(2)]	43.5	42.1	+3%	+5%	+2%
Asia (excluding India)	97.1	98.2	-1%	-4%	+1%
South America	8.0	9.4	-14%	-16%	-13%
Africa/India/Middle East	14.0	13.5	+4%	-1%	+9%
TOTAL	**214.0**	**213.2**	**+0%**	**-1%**	**+1%**

(1) Including Russia and Turkey.
(2) United States, Canada and Mexico.
Michelin estimates.

The **European** original equipment market grew by 3% overall during the first half, reflecting a 5% increase in Western Europe led by an upturn in carmaker output and a 22% falloff in Eastern Europe given a persistently difficult economic and monetary environment.

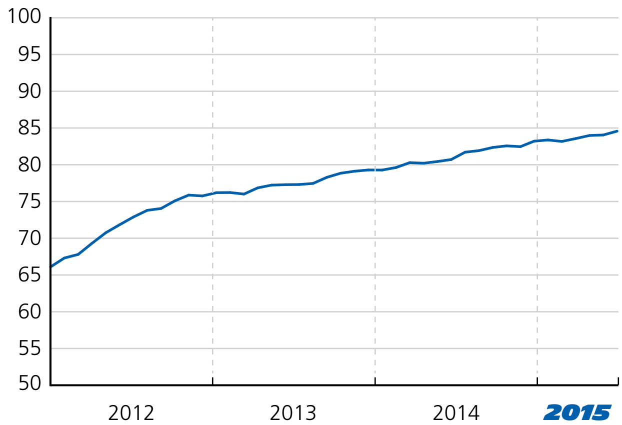
The **North American** market expanded by 3% over the period, in line with the rising vehicle demand driven by low fuel prices, attractive financing terms and aggressive promotional campaigns.

THE OE CAR AND LIGHT TRUCK TIRE MARKET IN EUROPE
(in millions of tires – moving 12 months – excluding Russia)



Michelin estimates.

THE OE CAR AND LIGHT TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of tires – moving 12 months)



Michelin estimates.

Demand in **Asia (excluding India)** as a whole was virtually flat over the first six months of the year. Despite slowing in June, the Chinese market ended the period up 5%, with a decline in the sedan tire segment and sustained growth in the SUV segments. The other regional markets remained on a downward track, losing 8% over the period due to the fall-off in demand in Thailand in particular and the decline in Japan, where demand has moved back in line with long-term trends. In addition, the Japanese figure reflected the comparison with first-half 2014, when growth was lifted by sales ahead of an increase in the VAT rate.

In **South America,** the market retreated 14% in the first half, dragged down by the steep decline in auto output in a mixed economic environment.

Markets in the **Africa/India/Middle East** region rose by 4% overall, primarily reflecting a return to growth in India and slower momentum in South Africa.

3.1.1 b) Replacement

The worldwide replacement market ended the first half up 2%, with a slight 2% decline in the first three months off of high prior-year comparatives followed by a 5% increase in the second quarter.

Passenger car and Light truck tire markets Replacement *(in millions of tires)*	First-Half 2015	First-Half 2014	% change, YoY	Second-Quarter 2015, % change YoY	First-Quarter 2015, % change YoY
Europe [1]	173.9	168.9	+3%	+4%	-1%
North America [2]	134.8	134.6	+0%	+5%	-6%
Asia (excluding India)	124.0	120.8	+3%	+7%	-2%
South America	37.2	36.4	+3%	+4%	+2%
Africa/India/Middle East	50.0	48.1	+4%	+4%	+4%
TOTAL	**519.8**	**508.8**	**+2%**	**+5%**	**-2%**

(1) Including Russia and Turkey.
(2) United States, Canada and Mexico.
Michelin estimates.

The **European** replacement tire market expanded by 3% overall compared with the already strong prior-year period.

In Western Europe, robust sales in June ahead of announced price increases in July drove a 5% gain over the first half, with declines in the United Kingdom and Germany and a rebound in Turkey and the southern Central European countries. Summer tire sell-in was brisk over the period, driven by positive sell-out with even a little inventory building. On the other hand, winter tire sales are expected to be impacted by sharp inventory drawdowns, even if sell-out remains positive.

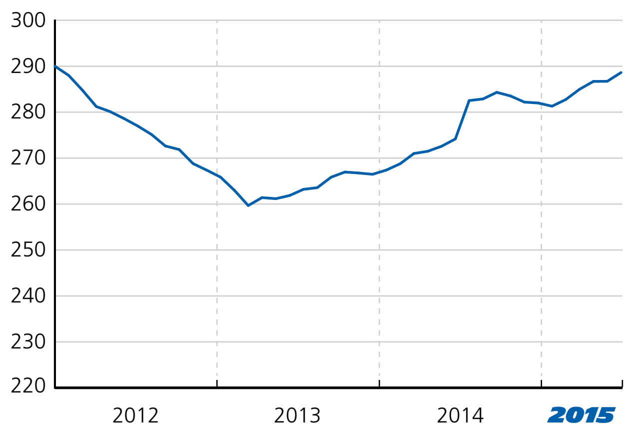
In Eastern Europe, where the political and economic situation remained difficult in Russia and Ukraine, demand continued to decline, by 6%, as dealers drew down the high late-2014 inventory and the contraction in new vehicle sales weighed on first-time winter tire purchases.

The main country markets rose or declined as follows during the first half:

- Western Europe **up 5%:**
  Of which:
  - France up 5%,
  - Spain up 12%,
  - Italy up 8%,
  - United Kingdom down 1%,
  - Germany down 2%,
  - Poland down 2%,
  - Turkey up 23%;
- Eastern Europe **down 6%:**
  Of which:
  - Russia down 9%.

THE REPLACEMENT CAR AND LIGHT TRUCK TIRE MARKET IN EUROPE

(in millions of tires – moving 12 months – excluding Russia)

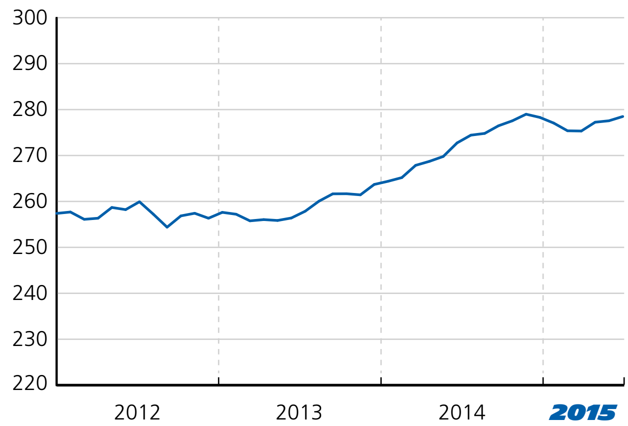


Michelin estimates.

In **North America,** demand eased back a slight 1% in the United States but continued to trend upwards in Canada and Mexico. The US market has been steadily expanding since the beginning of the year for tires sold by members of the Rubber Manufacturers Association (up 4%), while Chinese imports leveled off in the second quarter as dealers reduced inventory.

THE REPLACEMENT CAR AND LIGHT TRUCK TIRE MARKET IN NORTH AMERICA

(in millions of tires – moving 12 months)



Michelin estimates.

Demand in **Asia (excluding India)** expanded a slight 3% overall. The Chinese market enjoyed further momentum, gaining 9% over the first half. However, growth was slower year-on-year in the first quarter than in previous years, coming in at 5% before surging 11% in the second quarter, lifted by favorable prior-year comparatives in a climate of deep uncertainty exacerbated by current stock market conditions. Demand in the rest of the region declined by a still limited 2%, with the Japanese market dragged down 6% by comparison with first-half 2014, which benefited from purchases ahead of the increase in VAT on April 1. Markets in Indonesia and Malaysia fared better over the period.

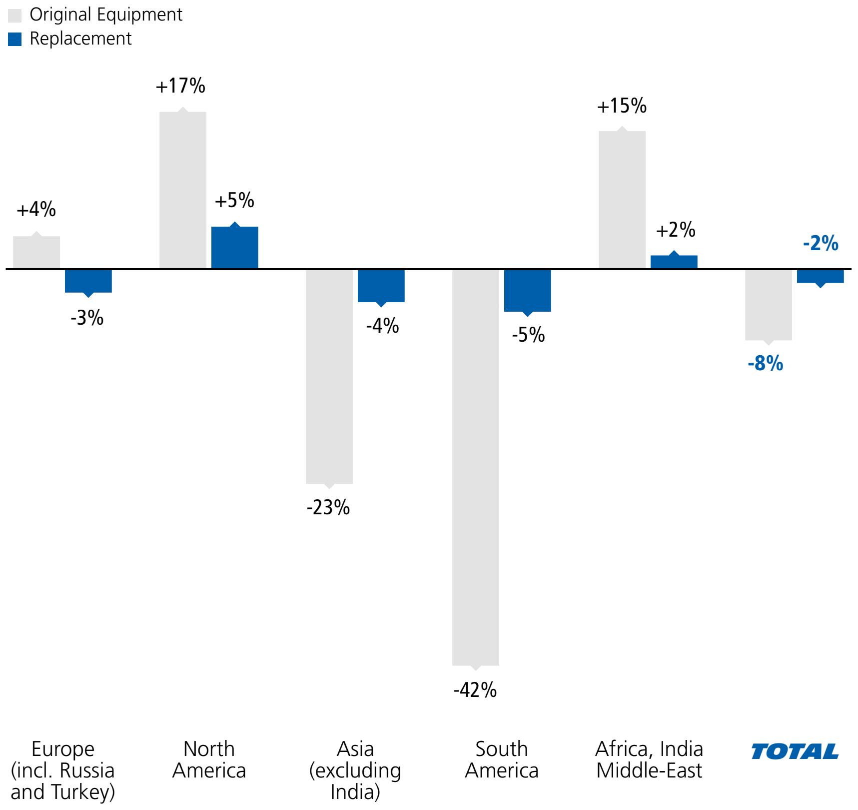
South American demand rose 3% in a mixed economic and political environment. Markets improved in Colombia, Chile, Central America and the Caribbean, leveled off in Brazil with fewer kilometers traveled and lower imports, and contracted in Argentina and Venezuela.

Demand in the **Africa/India/Middle East** region rose by 4%, in line with preceding months, with strong growth in India and more modest gains in South Africa and the Middle East.

3.1.2 TRUCK TIRE MARKETS

In the Truck tire markets, demand for bias tires and radials ended the first half down both in original equipment (by 8%) and the replacement segment (by 2%), with similar declines in both the first and second quarters.

THE GLOBAL TRUCK TIRE MARKET, FIRST-HALF 2015 *VS.* FIRST-HALF 2014



Michelin estimates – Radial & Bias.

3.1.2 a) Original equipment

The global OE Truck tire market dropped 8% over the period due to steep fall-offs in China, the world's largest market, as well as in South America and Eastern Europe. Note that mature markets enjoyed solid growth.

Truck tire markets* Original equipment *(in millions of tires)*	**First-Half 2015**	**First-Half 2014**	**% change, YoY**	**Second-Quarter 2015, % change YoY**	**First-Quarter 2015, % change YoY**
Europe [1]	3.2	3.0	+4%	+7%	+1%
North America [2]	3.3	2.9	+17%	+14%	+21%
Asia (excluding India)	6.6	8.4	-23%	-22%	-23%
South America	0.7	1.2	-42%	-45%	-37%
Africa/India/Middle East	2.5	2.1	+15%	+11%	+19%
TOTAL	**16.3**	**17.6**	**-8%**	**-8%**	**-7%**

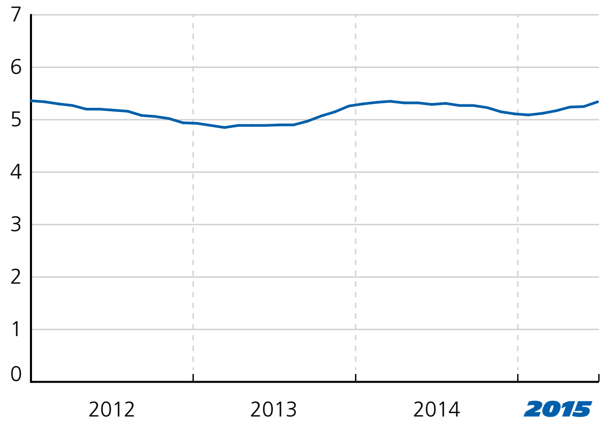
* *Radial and bias.*
(1) *Including Russia and Turkey.*
(2) *United States, Canada and Mexico.*

The **European** market rose by 4% in the first half. Demand in Western Europe grew by 9% while in Eastern Europe, the troubled geopolitical and economic environment caused a 24% drop in the market.

The **North American** market climbed 17% over the first half, as the need to replace relatively aging fleets in a still favorable economic environment drove sustained growth in truck production.

THE OE TRUCK TIRE MARKET IN EUROPE

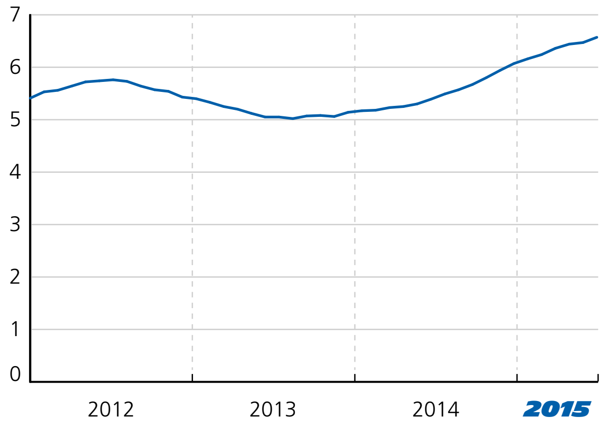
(in millions of tires – moving 12 months – excluding Russia)



Michelin estimates.

THE OE TRUCK TIRE MARKET IN NORTH AMERICA

(in millions of tires – moving 12 months)



Michelin estimates.

Demand for radial and bias tires in **Asia (excluding India)** declined by 23% overall.

China, which accounts for 75% of the regional market, saw a 25% drop due to the slowdown in manufacturing output and the ongoing optimization across the freight and passenger transportation chain. In the rest of the region, demand slid 14% overall, with steep declines in Indonesia and South Korea partly offset by an upturn in Thailand off of very low prior-year comparatives.

In **South America,** the market plummeted 42% over the first half in a very difficult economic environment. The Brazilian OE market declined by 44% after truck and bus production was stopped, even in the heavy truck and trailer segments. The collapse followed on from both weaker domestic demand and lower exports of Brazilian-made trucks due to the economic difficulties in Argentina and Venezuela. In all, truck sales in Brazil have returned to 2003-2005 levels after the spike in fleet replacements fueled by the Brazilian government's FINAME subsidized financing program.

In the **Africa/India/Middle East** region, the radial and bias tire market continued its expansion, climbing 15%. This was mainly attributable to the Indian market, which grew by 25% over the period.

3.1.2 b) Replacement

The global replacement Truck tire market declined by 2% over the period, with a slight improvement in the second quarter. As in the OE segment, demand improved in mature markets and softened in the new ones.

Truck tire markets* Replacement *(in millions of tires)*	**First-Half 2015**	**First-Half 2014**	**% change, YoY**	**Second-Quarter 2015, % change YoY**	**First-Quarter 2015, % change YoY**
Europe [1]	10.1	10.4	-3%	-0%	-6%
North America [2]	11.4	10.9	+5%	+6%	+4%
Asia (excluding India)	27.1	28.2	-4%	-3%	-5%
South America	6.8	7.2	-5%	-7%	-3%
Africa/India/Middle East	14.4	14.1	+2%	+1%	+2%
TOTAL	**69.7**	**71.1**	**-2%**	**-1%**	**-2%**

* Radial and bias.
(1) Including Russia and Turkey.
(2) United States, Canada and Mexico.

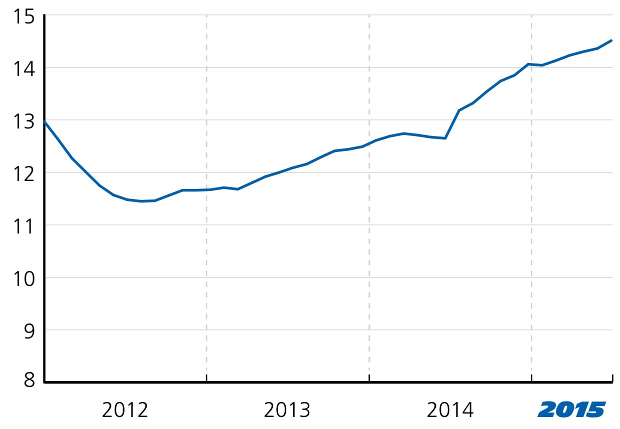
The **European** market declined by 3% overall during the first six months of the year.

Demand rose 7% in Western Europe, lifted by the increase in tons carried/km (which has not yet impacted freight rates), the decline in the retread segment and, at period-end, the announcement of price increases by certain tiremakers.

The market continued its decline in Eastern Europe, falling 24%, due to the difficult situation in Russia.

THE REPLACEMENT TRUCK TIRE MARKET IN EUROPE

(in millions of tires – moving 12 months – excluding Russia)

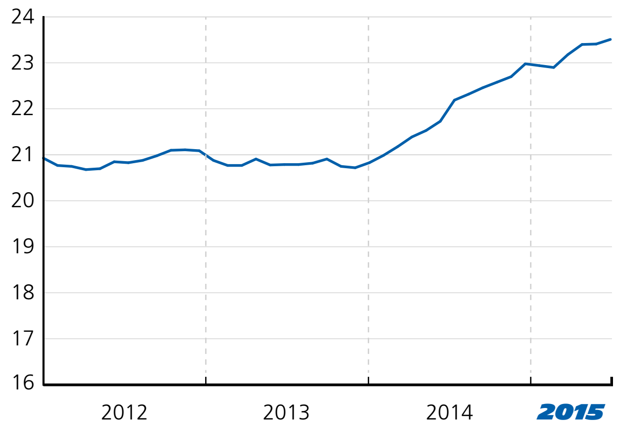


Michelin estimates.

In **North America,** the market remained strong, rising by 5% thanks to sustained demand for freight services in a vibrant economy.

THE REPLACEMENT TRUCK TIRE MARKET IN NORTH AMERICA

(in millions of tires – moving 12 months)



Michelin estimates.

Demand for replacement radial and bias tires in **Asia (excluding India)** was down by 4% over the period.

The Chinese market retreated 4% as the cooling economy weighed on freight demand.

Markets in the rest of the region also waned, with in particular a significant decline in Thailand and Japan, where demand fell off sharply from the heights reached in first-half 2014 ahead of the increase in the VAT rate.

The **South American** radial and bias replacement market contracted by 5% overall and to a greater extent in Brazil, in a more challenging economic environment.

In the Africa/India/Middle East region, the radial and bias market rose 2%, characterized by weak demand in Africa and the Middle East and strong demand in India, which rose 4% thanks in part to tire exports from China.

3.1.3 SPECIALTY TIRE MARKETS

Earthmover tires: The mining tire market fell back from first-half 2014 levels, as mining companies continued to adjust their tire inventories and operations at some mines were scaled back in response to weakening commodity prices. OE demand continued to trend marginally upward in mature markets. Demand for tires used in infrastructure and quarries rose slightly in mature markets, led by North America.

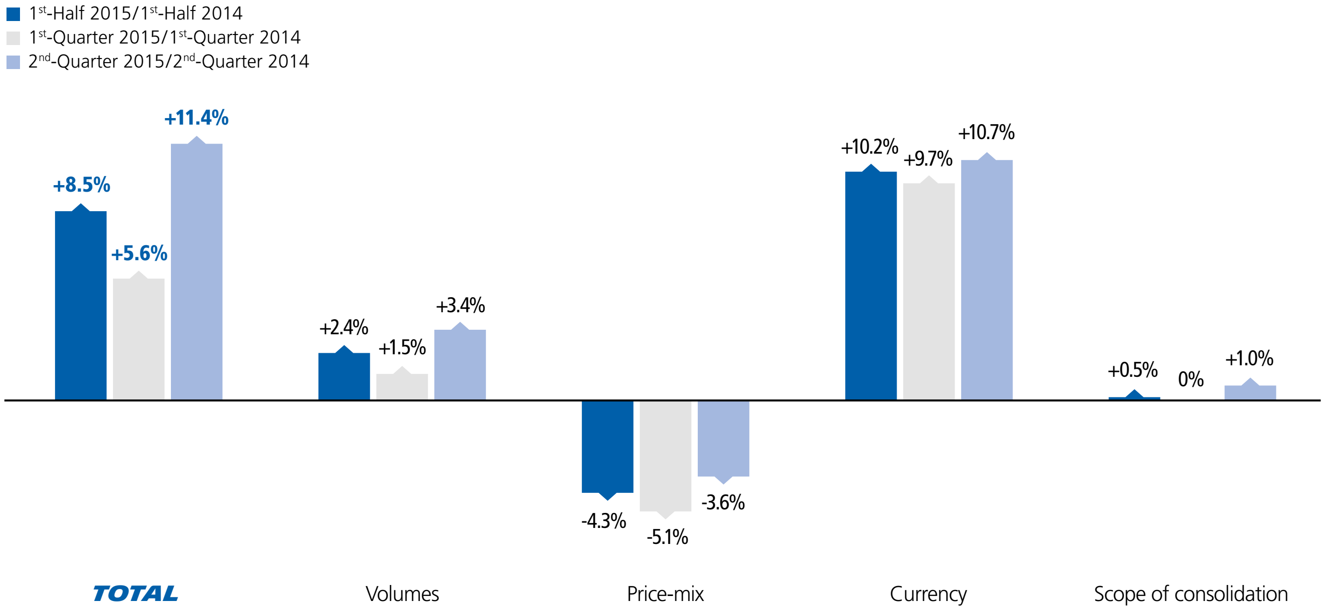
Agricultural tires: Global OE demand continued to fall sharply in mature markets, dampened by lower farm commodity prices and extensive replacement sales of farm machinery in recent years. The replacement market retreated somewhat in Europe and more aggressively in North America, due to declining farming incomes.

Two-wheel tires: Motorcycle tire markets rose in the mature geographies, supported by dealer optimism, especially in Europe.

Aircraft tires: Demand in the commercial aviation segment continued to grow, led by the increase in passenger traffic.

3.2 NET SALES

3.2.1 ANALYSIS OF NET SALES



Net sales amounted to €10,497 million in first-half 2015, up 8.5% at current exchange rates from €9,673 million in the year-earlier period. At constant scope of consolidation and exchange rates, net sales ended the period down €194 million, as the Group sought to maintain a tight pricing policy at a time of sharply declining raw materials prices, while also driving an over-market increase in tonnages sold.

The reported increase stemmed from the combined impact of the following main factors:

- a €232 million increase from the 2.4% growth in volumes, even as worldwide demand weakened over the period;
- a €426 million or 4.3% decrease from the price mix, which primarily reflected the combined €507 million negative impact of contractual price reductions under raw materials indexation clauses and targeted price repositionings, all in an environment shaped by sharply declining raw materials prices. It also included the €81 million positive impact from the ongoing improvements in the product mix, led by the premium strategy in the 17-inch and larger segment (although this was attenuated by the rebound in the Tier 2 / Tier 3 brands over the period);
- the positive impact from the consolidation of Sascar, Brazil's leading digital fleet management company and Ihle, German tire wholesaler;
- a €971 million or 10.2% increase from the positive currency effect, resulting primarily from the euro's favorable movements, in particular against the US dollar, Canadian dollar and Chinese yuan.

(in € million and %)	First-Half 2015	Second-Quarter 2015	First-Quarter 2015
NET SALES	**10,497**	**5,475**	**5,022**
Year-on-year change	**+824**	**+560**	**+264**
Volumes	+232	+163	+69
Price-mix	-426	-181	-245
Currency	+971	+528	+443
Changes in scope of consolidation	+47	+49	-2
Year-on-year change	**+8.5%**	**+11.4%**	**+5.6%**
Volumes	+2.4%	+3.4%	+1.5%
Price-mix	-4.3%	-3.6%	-5.1%
Currency	+10.2%	+10.7%	+9.7%
Changes in scope of consolidation	+1.0%	+2.6%	+0.0%

3.2.2 NET SALES BY REPORTING SEGMENT

(in € million and %)	First-Half 2015	Second-Quarter 2015	First-Quarter 2015
GROUP	**10,497**	**5,475**	**5,022**
Passenger car/Light truck tires and related distribution	5,860	3,083	2,777
Truck tires and related distribution	3,068	1,594	1,474
Specialty businesses (1)	1,569	798	771
Year-on-year change	**+8.5%**	**+11.4%**	**+5.6%**
Passenger car/Light truck tires and related distribution	+13.4%	+16.5%	+10.2%
Truck tires and related distribution	+4.8%	+8.8%	+0.8%
Specialty businesses (1)	-0.6%	-0.7%	-0.6%

(1) Specialty businesses: Earthmover, Agricultural, Two-wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle.

3.2.2 a) Passenger car and Light truck tires and related distribution – Analysis of net sales

In **Europe,** original equipment and replacement tire sales generally tracked the market in Western Europe, supported by the MICHELIN brand's solid performance, particularly in the 17-inch and larger segment, as well as by the success of the new MICHELIN CrossClimate range. Sales in Eastern Europe suffered from Russia's economic difficulties and the rouble's collapse.

In **North America's** more buoyant market, net sales were lifted by the success of the MICHELIN Premier A/S line, the revitalization of the BFGoodrich brand following the refresh of the KO2 range and the improvement in supply chain performance.

In **South America,** net sales were stable, but the Group improved its positions in a market hard hit by the economic situation.

In **Asia (excluding India),** net sales in China benefited from the MICHELIN brand's strong image and the ongoing deployment of the TirePlus retail chain. They rose in line with the market in Thailand and are trending upwards in Japan.

As the **Africa/India/Middle East** region returned to growth, net sales climbed sharply, supported by the more effective management of the Group's intercontinental supply chain.

In all, net sales in the Passenger car and Light truck tires and related distribution segment stood at €5,860 million, versus €5,167 million in first-half 2014. Tonnages rose by 7%, far outpacing the market thanks to the success of the new MICHELIN CrossClimate, MICHELIN Premier All-Season and BFGoodrich KO2 and COMP-2 in replacement markets and the equally over-market 4% gain in the original equipment segment. Price variations reflected the application of raw materials indexation clauses in the OE segment and the increasingly aggressive competitive environment, especially in China. The highly favorable impact from the product mix was attenuated by the shift in the brand mix driven by strong sales growth in the Tier 2 and Tier 3 segments. In Europe, price increases are planned in the second half to offset the impact of the euro's decline against the dollar on raw materials costs.

3.2.2 b) Truck tires and related distribution – Analysis of net sales

In **Western Europe,** sales were generally in line with market dynamics, with resilient retread sales in a market experiencing a significant decline, and good performances recorded in the OE segment, driven in particular by the popularity among manufacturers of the Group's low-rolling resistance products. In Russia and the CIS, the Group focused on protecting its margins in a falling tire market shaped by aggressive competition, notably from Chinese tiremakers, and devalued currencies.

In **North America,** against a dynamic market backdrop, the improved supply chain, particularly from Europe, enabled the Group to strengthen its position on the OE market. In the replacement segment, MICHELIN brand sales remained stable while the Group also successfully launched its Uniroyal brand in Canada and Mexico. The Group's Fleet services are also growing rapidly.

In **South America,** the Group's replacement tire sales held up well despite a steep decline in the market, with the growth of the intermediate brand launched last year.

In **Asia (excluding India),** sales in China rose in the OE segment and stood up well in the replacement segment in spite of a market downturn and strong price competition. In Southeast Asia, sales were uneven across the region but the success of the intermediate brand SIAM Tire launched in 2014 continues to grow, vindicating the Group's strategy.

In the Africa/India/Middle East sales increased sharply, buoyed by the Indian market but above all as a result of strong growth in *intermediate* sales and by the improved intercontinental supply chain which enables the Group to better serve its customers, and MICHELIN brand customers in particular.

In all, net sales in the Truck tires and related distribution segment amounted to €3,068 million in the first six month of the year, up 4.8% from first-half 2014. This increase was primarily due to the favorable currency effect and the slight decrease in tonnages sold (down 1% over the period) in line with the downturn in the global Truck tire market, and, excluding the impact of indexation clauses in the OE segment, prices held firm, in accordance with the strategy to restore margins. In Europe, a price increase was announced with effect as of second-half 2015, in response to the unfavorable €/USD currency effect on the purchase prices of raw materials.

3.2.2 c) Specialty businesses – Analysis of net sales

Earthmover tires: Net sales contracted over the period under the impact of lower volumes and the unfavorable impact of applying raw materials-based indexation clauses. The currency effect was positive. Sales volumes in the Infrastructure segment were higher.

Agricultural tires: Net sales declined in line with the contraction in volumes, as the favorable currency effect offset the negative impact of raw materials-based indexation clauses.

Two-wheel tires: Growth in net sales was led by the increase in volumes in both mature and new markets.

Aircraft tires: Net sales rose significantly thanks to the favorable currency effect. Tonnages delivered edged up slightly, lifted by radial sales.

Michelin Travel Partner's net sales rose sharply over the period, primarily on the back of share gains in the Print markets, where demand was mixed. Other positive factors included the Digital business' faster migration to mobile screens, which now account for 38% of online visits, and the growth at Michelin Restaurants, which is enhancing its offering, particularly in France and Germany.

In all, net sales by the Specialty Businesses stood at €1,569 million for the period, virtually unchanged from the €1,579 million reported for first-half 2014. Overall, growth in tonnages sold slightly outperformed the market. Mining companies continued to draw down inventory as commodity markets remained flat. In the Agricultural tire segment, Michelin was named supplier of the year at John Deere and CNH Industrial.

Price increases for agricultural tires will be introduced in Europe in the second half.

3.2.3 CURRENCY RATES AND THE CURRENCY EFFECT

In first-half 2015, reported net sales were increased by €971 million by the positive currency effect stemming primarily from the euro's favorable movements, in particular against the US dollar, Canadian dollar and Chinese yuan.

Average exchange rate	First-Half 2015	First-Half 2014	% change
EUR/USD	1.118	1.371	-18.4%
EUR/CAD	1.378	1.503	-8.3%
EUR/MXN	16.905	17.987	-6.0%
EUR/BRL	3.297	3.148	+4.7%
EUR/GBP	0.734	0.822	-10.7%
EUR/JPY	134.364	140.573	-4.4%
EUR/CNY	6.955	8.452	-17.7%
EUR/THB	36.824	44.644	-17.5%
EUR/RUB	63.849	47.947	+33.2%
EUR/AUD	1.427	1.500	-4.8%
EUR/ZAR	13.312	14.673	-9.3%
EUR/ARS	9.852	10.650	-7.5%
EUR/TRY	2.857	2.966	-3.7%
EUR/INR	70.259	83.322	-15.7%

First-half 2015 net sales by currency

Currency	%
ARS	1%
AUD	1%
BRL	3%
CAD	3%
CNY	5%
EUR	33%
GBP	3%
INR	1%
JPY	1%
MXN	2%
RUB	1%
THB	1%
TRY	1%
USD	39%
ZAR	1%
Other	5%
TOTAL	**100%**

3.2.4 NET SALES BY REGION

(in € million)	First-Half 2015	First-Half 2014	% change YoY
GROUP	**10,497**	**9,673**	**+8.5%**
Europe	4,018	4,052	-0.8%
of which France	*976*	*978*	*-0.2%*
North America (including Mexico)	3,956	3,298	+20%
Other	2,523	2,323	+8.6%

(in € million)	First-Half 2015	% of total	First-Half 2014	% of total
GROUP	**10,497**		**9,673**	
Europe	4,018	38.3%	4,052	41.9%
of which France	*976*	*9.3%*	*978*	*10.1%*
North America (including Mexico)	3,956	37.7%	3,298	34.1%
Other	2,523	24.0%	2,323	24.0%

At a time of declining raw materials prices, targeted price adjustments and currency movements, net sales were down slightly in France and the rest of Europe, but up sharply in other geographies.

More than 60% of consolidated net sales were generated outside Europe and more than 90% outside France.

3.3 CONSOLIDATED INCOME STATEMENT REVIEW

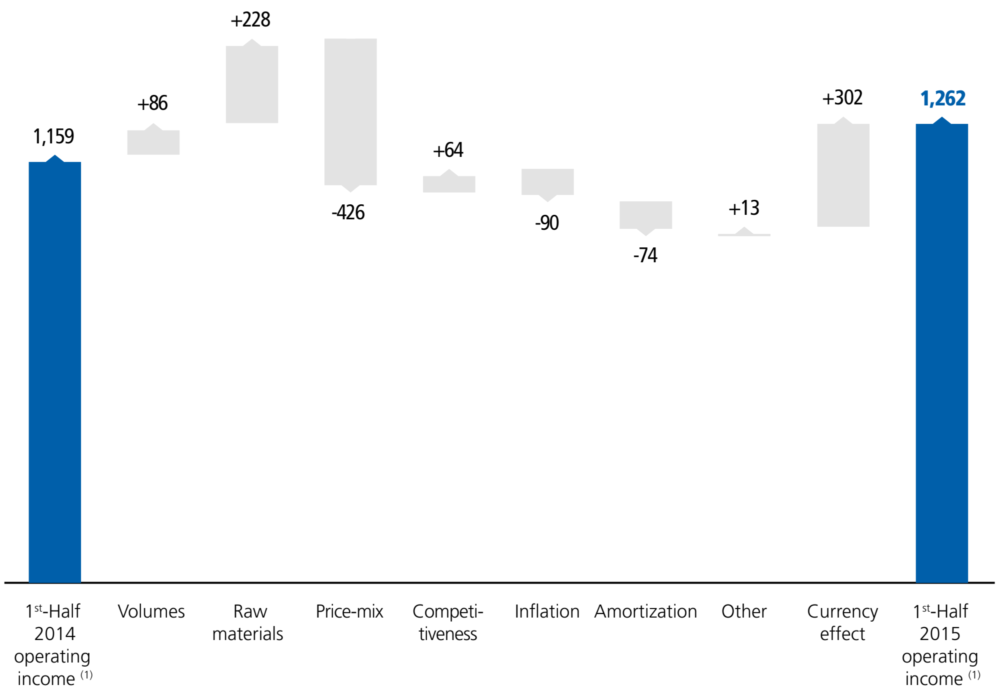
The Group retrospectively applied IFRIC 21 – «Levies», as of January 1, 2015. The published data for June 30, 2014 were restated in the financial statements to reflect this change in accounting principle and are presented in Chapter 4. The impacts of the restatement on the income statement for the period ended June 30, 2014 are described in section 2.4 of the consolidated financial statements.

The following comments refer to the interim 2014 and 2015 consolidated financial statements as reported at June 30, 2014 and June 30, 2015, respectively.

(in € million, except per-share data)	First-Half 2015	Reported First-Half 2014	% change, YoY	First-Half 2015 *(as a % of net sales)*	First-Half 2014 *(as a % of net sales)*
Net sales	**10,497**	**9,673**	**+8.5%**		
Cost of sales	(7,035)	(6,505)	+8.1%	67.0%	67.2%
Gross income	**3,462**	**3,168**	**+9.3%**	**33.0%**	**32.8%**
Sales and marketing expenses	(936)	(875)	+7.0%	8.9%	9.0%
Research and development expenses	(349)	(319)	+9.4%	3.3%	3.3%
General and administrative expenses	(888)	(812)	+9.4%	8.5%	8.4%
Other operating income and expenses	(27)	(3)	N/M	0.3%	0.0%
Operating income before non-recurring income and expenses	**1,262**	**1,159**	**+8.9%**	**12.0%**	**12.0%**
Non-recurring income and expenses	(17)	(87)	N/M	-	-
Operating income	**1,245**	**1,072**	**+16.1%**	**11.9%**	**11.1%**
Cost of net debt	(100)	(65)	+53.8%	1.0%	0.7%
Other financial income and expenses	(23)	12	N/M	0.2%	0.1%
Net interest on employee benefit obligations	(70)	(76)	-7.9%	0.7%	0.8%
Share of profits and losses from associates	6	(6)	N/M	0.1%	0.1%
Income before taxes	**1,058**	**937**	**+12.9%**	**10.1%**	**9.7%**
Income tax	(351)	(313)	+12.1%	3.3%	3.2%
Net income	**707**	**624**	**+13.3%**	**6.7%**	**6.5%**
▶ Attributable to shareholders of the Company	709	624	+13.6%	6.8%	6.5%
▶ Attributable to non-controlling interests	(2)	-	-	-	-
Earnings per share *(in €)*					
▶ Basic	3.79	3.34	+13.5%		
▶ Diluted	3.72	3.28	+13.4%		

3.3.1 ANALYSIS OF CONSOLIDATED OPERATING INCOME BEFORE NON-RECURRING ITEMS

(in € million)



(1) Before non-recurring items..

Consolidated operating income before non-recurring items came to €1,262 million, up €103 million from the €1,159 million reported in first-half 2014.

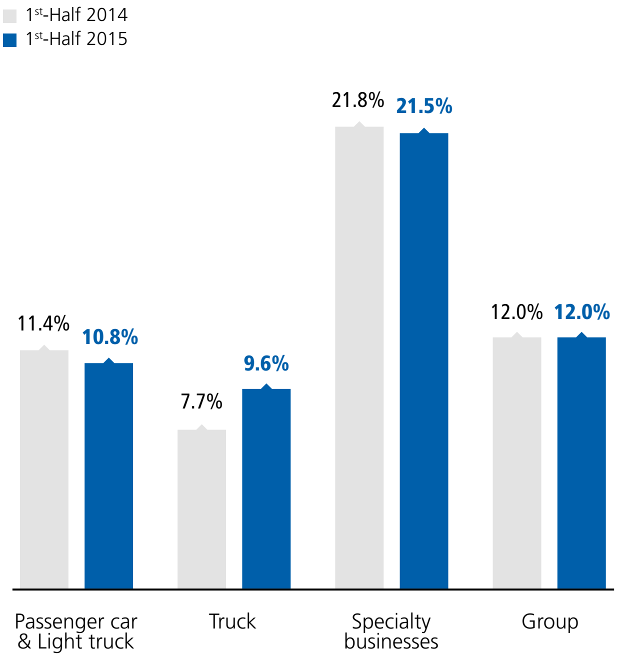
The increase may be analyzed as follows:

- an €86 million increase from the 2.4% growth in sales volumes;
- a €198 million net decrease corresponding to the €426 million unfavorable impact of changes in the price mix (of which €497 million due to price reductions), partly offset by the €228 million favorable impact of lower raw materials costs;
- a modest €26 million net decrease corresponding to €64 million in benefits from the competitiveness plan (of which €36 million in general cost savings, €9 million in materials cost savings and €19 million in productivity gains), offset by the €90 million negative impact of inflation (including a €36 million increase in production costs and a €54 million rise in other costs);
- a €74 million decrease from the rise in depreciation and amortization charges;
- a €13 million increase from other factors, including €49 million from the decline in start-up costs;
- a €302 million increase from the currency effect.

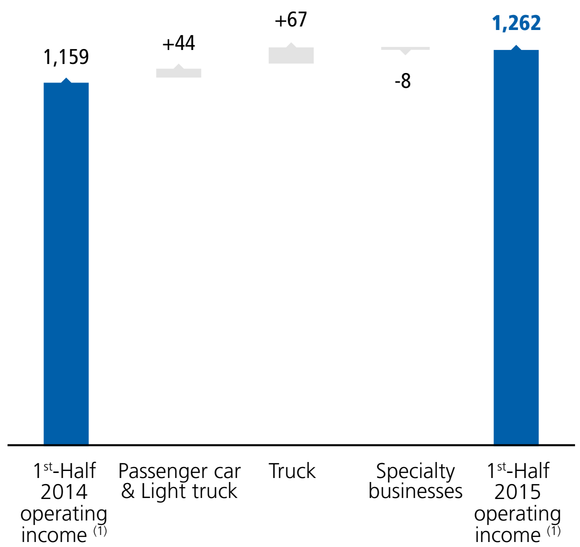
3.3.2 OPERATING INCOME BEFORE NON-RECURRING ITEMS BY OPERATING SEGMENT

(in € million)	First-Half 2015	Reported First-Half 2014
Passenger car/Light truck tires and related distribution		
Net sales	5,860	5,167
Operating income before non-recurring items	632	588
Operating margin before non-recurring items	**10.8%**	**11.4%**
Truck tires and related distribution		
Net sales	3,068	2,927
Operating income before non-recurring items	293	226
Operating margin before non-recurring items	**9.6%**	**7.7%**
Specialty businesses		
Net sales	1,569	1,579
Operating income before non-recurring items	337	345
Operating margin before non-recurring items	**21.5%**	**21.8%**
Group		
Net sales	10,497	9,673
Operating income before non-recurring items	1,262	1,159
Operating margin before non-recurring items	**12.0%**	**12.0%**

3.3.2 a) Operating margin before non-recurring items by operating segment



(in € million)



(1) Before non-recurring items.

- Passenger car/Light truck tires and related distribution.
- Truck tires and related distribution.
- Specialty businesses: Earthmover, Agricultural, Two-wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle.

3.3.2 b) Passenger car/Light truck tires and related distribution – Analysis of operating income before non-recurring items

Passenger car/Light truck tires and related distribution *(in € million)*	First-Half 2015	Reported First-Half 2014	% change, YoY	First-Half 2015 *(% of consolidated total)*	First-Half 2014 *(% of consolidated total)*
Net sales	5,860	5,167	+13.4%	56%	54%
Change in volume	*+7%*				
Operating income before non-recurring items	632	588	+7.5%	50%	51%
Operating margin before non-recurring items	10.8%	11.4%	-0.6 pt		

Operating income before non-recurring items amounted to €632 million or 10.8% of net sales, compared with €588 million and 11.4% reported in first-half 2014.

Tonnages rose by 7%, far outpacing the market thanks to the success of the new MICHELIN CrossClimate, MICHELIN Premier All-Season and BFGoodrich KO2 and COMP-2 in replacement markets and the similarly over-market 4% gain in the original equipment segment. Price variations reflected the application of raw materials indexation clauses in the OE segment and the increasingly aggressive competitive environment, especially in China. The highly favorable impact from the product mix was attenuated by the shift in the brand mix driven by strong sales growth in the Tier 2 and Tier 3 segments.

3.3.2 c) Truck tires and related distribution – Analysis of operating income before non-recurring items

Truck tires and related distribution *(in € million)*	First-Half 2015	Reported First-Half 2014	% change, YoY	First-Half 2015 *(% of consolidated total)*	First-Half 2014 *(% of consolidated total)*
Net sales	3,068	2,927	+4.8%	29%	30%
Change in volume	*-1%*				
Operating income before non-recurring items	293	226	+29.6%	23%	19%
Operating margin before non-recurring items	9.6%	7.7%	+1.9 pt		

Operating income before non-recurring items amounted to €293 million or 9.6% of net sales, compared with €226 million and 7.7% reported in first-half 2014.

The margin improvement was primarily led by the resilient volumes, which beat the market with just a slight 1% decline as the strong growth in OE sales in mature markets balanced out the difficulties in the retread segment and the new intermediate lines introduced in South America, the Africa/Middle East region and Southeast Asia got off to a favorable start. Effective management of the business, particularly in the areas of price positioning, supplying growth markets and cost control, also contributed to the sustained improvement in margin performance.

3.3.2 d) Specialty businesses – Analysis of operating income before non-recurring items

Specialty businesses *(in € million)*	First-Half 2015	Reported First-Half 2014	% change, YoY	First-Half 2015 *(% of consolidated total)*	First-Half 2014 *(% of consolidated total)*
Net sales	1,569	1,579	-0.6%	15%	16%
Change in volume	*-5%*				
Operating income before non-recurring items	337	345	-2.3%	27%	30%
Operating margin before non-recurring items	21.5%	21.8%	-0.3 pt		

Operating income before non-recurring items from the Specialty businesses remained structurally high in first-half 2015, at €337 million or 21.5% of net sales, compared with €345 million and 21.8% reported in the prior-year period.

Overall, the 5% decline in volumes sold slightly exceeded the market retreat, while mining companies continued to draw down inventory as commodity markets remained flat. At the same time, unit margins were squeezed by the delayed impact of price adjustments under raw materials indexation clauses.

3.3.3 OTHER INCOME STATEMENT ITEMS

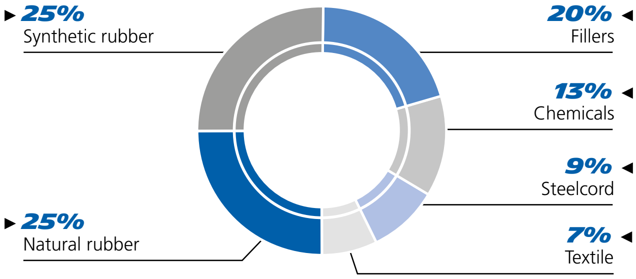
3.3.3 a) Raw materials

The cost of **raw materials** reported in the income statement under cost of sales (€2,414 million versus €2,522 million in first-half 2014) is determined by valuing raw materials, semi-finished and finished product inventories using the weighted average cost method. This method tends to spread fluctuations in purchase costs over time and delay their recognition in cost of sales, due to timing differences between the purchase of the raw materials and the sale of the finished product.

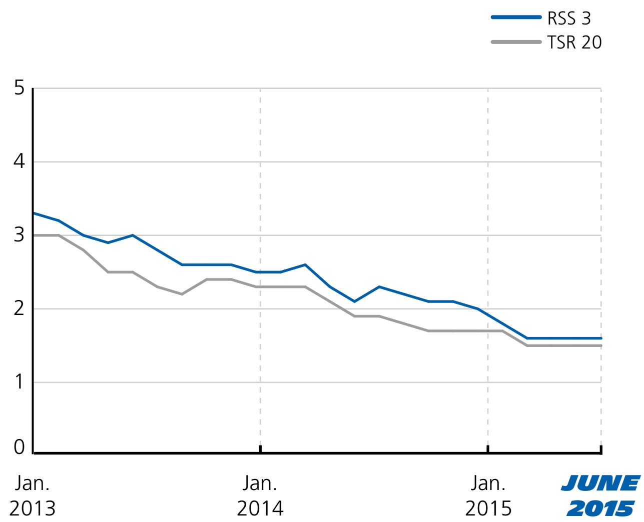
Changes in spot prices feed through to the income statement five to six months later for natural rubber and around three months later for butadiene. As a result, raw materials prices are expected to continue having a favorable impact in the second half of the year.

In first-half 2015, the raw materials costs recognized in cost of sales included the €228 million effect of lower prices, as well as the currency effect.

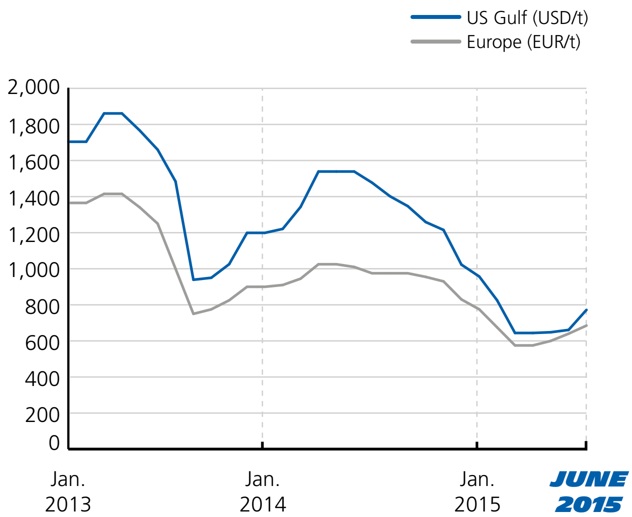
RAW MATERIALS RECOGNIZED IN FIRST-HALF 2015 COST OF SALES (€2,414 MILLION)



NATURAL RUBBER PRICES (SICOM)
(USD/kg)



BUTADIENE PRICES



3.3.3 b) Employee benefit costs and number of employees

(in € million and number of people)	First-Half 2015	First-Half 2014	Change
Employee benefit costs	2,975	2,697	+10.3%
As a % of net sales	*28.3%*	*27.9%*	*+0.4 pt*
Total number of employees at June 30	112,600	111,600	+0.9%
Number of full-time equivalent employees at June 30	107,100	106,500	+0.6%
Average number of full time equivalent employees over the period	106,800	106,300	+0.5%

At €2,975 million, **employee benefit costs** represented 28.3% of net sales in first-half 2015, versus 27.9% in the year-earlier period. The increase reflected the combined impact of inflation and the integration of new digital operations and dealerships, which offset the decline in the workforce in mature markets.

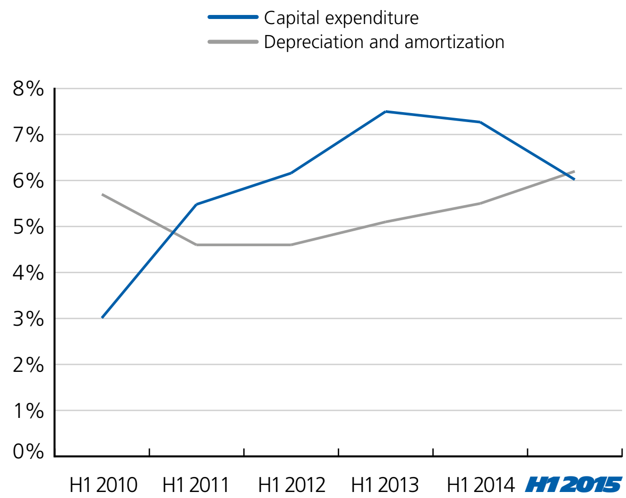
3.3.3 c) Depreciation and amortization

(in € million)	First-Half 2015	First-Half 2014	Change
Depreciation and amortization charges for the period	648	533	+21.6%
As a % of additions to intangible assets and property, plant and equipment	*103%*	*76%*	

Depreciation and amortization charges rose by €115 million to €648 million. This is in line with expectations and reflects the temporary increase in capital expenditure in recent years to drive growth as well as a negative currency effect.

Given the projects currently underway, depreciation and amortization charges are expected to continue to increase in the coming years.

(as a % of net sales)



3.3.3 d) Transportation costs

Transportation costs came to €554 million or 5.3% of net sales for the period. The €41 million increase resulted mainly from the increase in volumes sold, with costs remaining unchanged as a percentage of net sales.

(in € million)	First-Half 2015	First-Half 2014	Change
Transportation costs	554	513	+8.0%
As a % of net sales	*5.3%*	*5.3%*	

3.3.3 e) Sales and marketing expenses

Sales and marketing expenses represented 8.9% of first-half net sales in 2015, versus 9.0% the year before. In value, they rose by €61 million to €936 million. This reflects efforts to optimize spending on sales and marketing, which also offset inflation.

3.3.3 f) Research and development expenses

(in € million)	First-Half 2015	First-Half 2014	Change
Research and development expenses	349	319	+9.4%
As a % of net sales	*3.3%*	*3.3%*	

Research and development expenses stood at €349 million, an increase of €11 million year on year (excluding the currency effect) that reflected the Group's strategy of increasing the pace of new product launches, aligning innovation with real market needs and extending its technological leadership.

As a percentage of net sales, R&D expenses were unchanged compared with first-half 2014.

3.3.3 g) General and administrative expenses

At €888 million, **general and administrative expenses** represented 8.5% of net sales, stable as a percentage of net sales compared with first-half 2014. The €37 million increase (excluding the currency effect) mainly corresponded to an increase in employee benefit costs.

3.3.3 h) Other operating income and expenses

Other operating income and expenses amounted to expense of €27 million, compared with expense of €3 million in first-half 2014, representing a year-on-year increase of €20 million excluding the currency effect.

3.3.3 i) Non-recurring income and expenses

Non-recurring expenses came to a net €17 million and concerned ongoing measures to adapt the Group's entities to poor market conditions, mainly in Europe.

3.3.3 j) Cost of net debt

(in € million)	First-Half 2015	First-Half 2014	Change
Cost of net debt	100	65	+35

At €100 million, the **cost of net debt** was up €35 million compared with first-half 2014, primarily as a result of the following factors:

- a €36 million rise in net interest expense, primarily reflecting the combined impact of:
  - a €30 million increase attributable to the growth in average net debt to €1,478 million from €682 million in first-half 2014,
  - a €4 million increase from the higher average gross interest rate on borrowings, at 7.4% versus 6.3% in first-half 2014,
  - a €2-million net increase from a variety of factors, including the negative carry, corresponding to the effect of investing cash and cash equivalents at a rate below the Group's average borrowing cost;
- an aggregate €1 million net decrease from other factors.

3.3.3 k) Other financial income and expenses

(in € million)	First-Half 2015	First-Half 2014	Change
Other financial income and expenses	(23)	12	-35

Other financial income and expenses represented a net expense of €23 million, a negative €35 million year-on-year swing that was primarily due to the special €20-million dividend received in first-half 2014 and the €6-million decline in net exchange gains.

3.3.3 l) Income tax

(in € million)	First-Half 2015	First-Half 2014	Change
Income before taxes	1,058	937	+121
Income tax	**(351)**	**(313)**	**+38**
Current tax	(335)	(299)	+36
Withholding tax	(20)	(31)	-11
Deferred tax	4	17	-13

Income tax expense rose by €38 million year-on-year to €351 million in the first half of 2015, The effective tax rate was 33.2%, versus 33.4% the year before.

3.3.3 m) Consolidated net income and earnings per share

(in € million)	First-Half 2015	First-Half 2014	Change
Net income	707	624	+83
As a % of net sales	*6.7%*	*6.5%*	*+0.2 pt*
▶ Attributable to shareholders of the Company	709	624	+85
▶ Attributable to non-controlling interests	(2)	-	-2
Earnings per share *(in €)*			
▶ Basic	3.79	3.34	+0.45
▶ Diluted	3.72	3.28	+0.44

Net income came to €707 million, or 6.7% of net sales, compared with €624 million reported in first-half 2014. The increase reflected the combined impact of the following main factors:

- favorable factors:
  - the €103 million increase in operating income before non-recurring items,
  - the €70 million decline in the impact of non-recurring expenses, which fell to €17 million from €87 million in first-half 2014,
  - the €6 million decrease in net interest expense on employee benefits,
  - the €12 million improvement in income from investments in associates and joint ventures, from a €6 million loss in first-half 2014 to a gain of €6 million this year;
- unfavorable factors:
  - the €35 million increase in the cost of net debt,
  - the €35 million negative swing in other income and expenses, from income of €12 million in first-half 2014 to a €23 million expense in first-half 2015,
  - the €38 million increase in income tax expense, in line with the improvement in net income,

3.4 CONSOLIDATED BALANCE SHEET REVIEW

The Group retrospectively applied IFRIC 21 – «Levies», as of January 1, 2015. The published data for June 30, 2014 and December 31, 2014 were restated in the financial statements to reflect this change in accounting principle and are presented in Chapter 4. The impacts of the restatement on the balance sheet at June 30, 2014 and December 31, 2014 are described in paragraph 2.4 of the consolidated financial statements.

The following comments refer to the 2014 consolidated financial statements as well as the interim 2014 and 2015 consolidated financial statements as reported at December 31, 2014, June 30, 2014 and June 30, 2015, respectively.

ASSETS

(in € million)	June 30, 2015	Reported December 31, 2014	Total change	Currency effect	Movement
Goodwill	837	835	2	2	0
Other intangible assets	665	602	63	10	+53
Property, plant and equipment	10,469	10,081	388	440	-52
Non-current financial assets and other assets	348	283	65	6	+59
Investments in associates and joint ventures	253	189	64	11	+53
Deferred tax assets	1,219	1,149	70	60	10
Non-current assets	**13,791**	**13,139**	**+652**	**529**	**+123**
Inventories	4,510	4,203	307	202	+105
Trade receivables	3,190	2,569	621	104	+517
Current financial assets	377	462	(85)	1	-85
Other current assets	882	883	(1)	-13	+12
Cash and cash equivalents	1,153	1,167	(14)	7	-21
Current assets	**10,112**	**9,284**	**+828**	**300**	**+519**
TOTAL ASSETS	**23,903**	**22,423**	**1,480**	**829**	**+644**

LIABILITIES AND EQUITY

(in € million)	June 30, 2015	Reported December 31, 2014	Total change	Currency effect	Movement
Share capital	373	371	2	-	+2
Share premiums	3,658	3,601	57	-	+57
Reserves	5,716	5,539	177	210	-33
Non-controlling interests	56	12	44	2	+42
Equity	**9,803**	**9,523**	**280**	**212**	**+68**
Non-current financial liabilities	2,279	1,621	658	195	+463
Employee benefit obligations	4,780	4,612	168	206	-38
Provisions and other non-current liabilities	1,564	1,476	88	55	+33
Deferred tax liabilities	107	95	12	-3	+15
Non-current liabilities	**8,730**	**7,804**	**926**	**453**	**+473**
Current financial liabilities	1,075	726	349	-28	+377
Trade payables	1,872	2,154	-282	90	-372
Reverse factoring contracts	96	8	88	2	+86
Other current liabilities	2,327	2,208	119	97	+22
Current liabilities	**5,370**	**5,096**	**274**	**162**	**+112**
TOTAL EQUITY AND LIABILITIES	**23,903**	**22,423**	**1,480**	**828**	**+652**

3.4.1 GOODWILL

Goodwill was unchanged compared with December 31, 2014.

3.4.2 INTANGIBLE ASSETS

Intangible assets amounted to €665 million at June 30, 2015, an increase of €53 million from the previous year-end (before the €10 million positive currency effect) that primarily corresponded to the acquisition of software and rights to use land for industrial purposes.

3.4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment stood at €10,469 million, a €52 million decrease from December 31, 2014 (before the €440 million negative currency effect). The decline reflected the slowdown in growth investments committed in recent years in the new markets and the corresponding ramp-up of the related depreciation and amortization charges. In all, depreciation and amortization charges exceeded purchases of new property, plant and equipment over the period.

3.4.4 NON-CURRENT FINANCIAL ASSETS AND OTHER ASSETS

Non-current financial assets and other non-current assets stood at €348 million, an increase of €59 million (before the €6-million positive currency effect), most of which corresponded to the acquisition of all outstanding shares of Blackcircles in the United Kingdom.

3.4.5 DEFERRED TAX ASSETS AND LIABILITIES

Excluding the €60-million positive currency effect, **deferred tax assets** rose by €10 million compared with December 31, 2014, mainly due to timing differences that offset the impact of actuarial gains and losses recorded during the period on employee benefit obligations, particularly in Europe.

3.4.6 WORKING CAPITAL REQUIREMENT

(in € million)	June 30, 2015	Reported June 30, 2014	Change	June 30, 2015 *(as a % of net sales, moving 12 months)*	June 30, 2014 *(as a % of net sales, moving 12 months)*
Inventories	4,510	4,229	+281	22.1%	21.4%
Trade receivables	3,190	2,939	+251	15.7%	14.9%
Trade payables	(1,968)	(1,777)	-191	9.2%	9.0%
OPERATING WORKING CAPITAL REQUIREMENT	**5,732**	**5,391**	**+341**	**28.6%**	**27.3%**

Operating working capital requirement rose by €341 million compared with June 30, 2014, due to the increase in both inventories and trade receivables. It represented 28.6% of net sales over the trailing 12 months.

At €4,510 million, **inventories** ended the period up €281 million year-on-year, primarily as a result of a 4% increase in finished goods tonnage due to the increase in output and the inclusion of Ihle inventory. This was partly offset, however, by the favorable impact of raw materials prices.

Trade receivables rose by €251 million year-on-year, representing €3,190 million at June 30, 2015, mainly due to the increase in net sales. For the same reason, **trade payables** edged up slightly over the period, to €1,968 million, including €96 million in reverse factoring contracts.

3.4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents stood at €1,153 million at June 30, 2015, a €21 million decline from December 31, 2014 (before the €7 million positive currency effect) that mainly reflected the following factors:

- increases from:
  - the €755 million in new debt, mainly following new bond issues,
  - the sale of cash management instruments and the decline in borrowing collaterals, in an amount of €66 million;
- decreases from:
  - the negative €219 million in free cash flow generated during the period,
  - the payment of €483 million in dividends,
  - the €113 million change in equity (share buybacks, stock options, etc.),
  - other unfavorable factors in an amount of €28 million.

3.4.8 EQUITY

Consolidated equity increased by €280 million to €9,803 million at June 30, 2015 from the €9,523 million reported at December 31, 2014, primarily as a result of the following factors:

- increases from:
  - the €910 million in comprehensive income for the period, including:
    - €707 million in net income,
    - €15 million in post-employment obligations,
    - an €8 million increase in taxes payable on these obligations,
    - €16 million in unrealized losses on available-for-sale financial assets,
    - €212 million in favorable translation adjustments,
  - €59 million in proceeds from the issue of 826,349 new shares on the exercise of stock options,
  - the €45 million in non-controlling interests in the new share issues,
  - €5 million in service costs on performance share plans;
- decreases from:
  - the €483 million in dividends and other distributions,
  - the €251 million committed to buy back 1,192,662 Michelin shares under the shareholder-approved authorization.

As a result, at June 30, 2015, the **share capital** of Compagnie Générale des Établissements Michelin amounted to €373,105,098, comprising 186,552,549 shares corresponding to 244,025,637 voting rights.

3.4.9 NET DEBT

Net debt stood at €1,798 million at June 30, 2015, up €1,091 million from December 31, 2014, mainly as a result of the following factors:

- the net use of €867 million in cash, reflecting:
  - the €219 million in negative free cash flow for the period,
  - the payment of €397 million in dividends, distributions and other changes in equity,
  - €251 million in share buybacks or commitments to purchase;
- €224 million in other factors increasing net debt, of which:
  - €162 million in negative translation adjustments,
  - €16 million in interest expense on the zero-coupon convertible bonds,
  - other unfavorable factors in an amount of €46 million.

NET DEBT

(in € million)	First-Half 2015	First-Half 2014
At January 1	**707**	**142**
Free cash flow [1]	+219	+243
Distributions and other	+397	+446
Purchases of Michelin shares (actual and commitments)	+251	+24
Interest expense on the zero-coupon convertible bonds	+16	+16
Translation adjustment	162	+32
Other	+46	-11
AT JUNE 30	**1,798**	**892**
CHANGE	**+1,091**	**+750**

(1) *Free cash flow corresponds to cash flows from operating activities less cash flows used in investing activities (excluding net cash flows from cash management financial assets and borrowing collaterals).*

3.4.9 a) Gearing

Gearing stood at 18% at June 30, 2015, up from 7% at year-end 2014, due primarily to i) the various acquisitions carried out over the past twelve months (in particular of Sascar and Blackcircles), as well as the investment in the Indonesian rubber plantation and ii) the share buyback program currently in progress.

3.4.9 b) Credit ratings

The solicited corporate credit ratings of Compagnie Générale des Établissements Michelin (CGEM) and Compagnie Financière du groupe Michelin "Senard et Cie" (CFM) are as follows:

		CGEM	CFM
Short term	Standard & Poor's	A-2	A-2
	Moody's	P-2	P-2
Long term	Standard & Poor's	BBB+	BBB+
	Moody's	A3	A3
Outlook	Standard & Poor's	Stable	Stable
	Moody's	Stable	Stable

- On March 23, 2012, Standard & Poor's upgraded Michelin's long-term credit rating to BBB+ from BBB, while affirming its A-2 short-term rating and stable outlook.
- On March 20, 2015, Moody's upgraded Michelin's long-term credit rating to A3 from Baa1, with a stable outlook, while affirming its P-2 short-term rating.

3.4.10 PROVISIONS

Provisions and other non-current liabilities rose to €1,564 million from €1,476 million at December 31, 2014, a €55 million increase (before the €33 million positive currency effect) that was led by the projects to improve the competitiveness of the Group's manufacturing operations.

3.4.11 EMPLOYEE BENEFITS

CHANGE IN FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € million)	Pension plans	Other defined benefit plans	First-Half 2015	First-Half 2014
At January 1	**2,326**	**2,286**	**4,612**	**3,895**
Contribution paid to the funds	(79)	-	(79)	(26)
Benefits paid directly to the beneficiaries	(14)	(70)	(84)	(71)
Other movements	-	-	-	-
Items recognized in operating income				
Current service cost	35	34	69	57
Actuarial (gains) or losses recognized in other comprehensive income	-	-	-	-
Past service cost resulting from plan amendments	-	-	-	6
Effect of any plan curtailments or settlements	-	-	-	8
Other items	2	-	2	2
Items recognized outside operating income				
Net interest on employee benefit obligations	34	36	70	76
Items recognized in other comprehensive income				
Translation adjustments	109	96	205	29
Actuarial (gains) or losses	(51)	(37)	(88)	49
Unrecognized asset due to application of the asset ceiling	73	-	73	-
AT JUNE 30	**2,435**	**2,345**	**4,780**	**4,025**

The net obligation recognized in the balance sheet at June 30, 2015 amounted to €4,780 million, a €168 million increase compared with January 1, 2015 that was mainly caused by the €205 million impact of the increase in the US dollar, Canadian dollar and British pound against the euro over the period.

In line with Group forecasts, the expense recognized in the income statement in respect to defined benefit plans amounted to €141 million, of which €71 million in operating income and €70 million outside operating income.

Total payments in respect to defined benefit plans during first-half 2015 came to €163 million, versus €97 million in first-half 2014.

They included:

- €79 million in contributions paid to fund management institutions (first-half 2014: €26 million). The €53 million increase primarily came from the renewed payments into the UK pension fund;
- €84 million in benefits paid directly to employees (first-half 2014: €71 million).

Contributions paid by the Group for defined contribution plans amounted to €93 million in first-half 2015 (first-half 2014: €69 million).

Actuarial losses recognized in equity at June 30, 2015 totaled €88 million, which may be analyzed as follows:

- €121 million in actuarial gains, mainly resulting from the use of higher discount rates in North America (€245 million gain) partly offset by the change in the mortality table in North America (€141 million loss);
- €33 million in actuarial losses on plan assets, stemming from the low real return on the assets over the period in North America.

An amount of €73 million was recognized in the statement of comprehensive income following application of the asset ceiling rule to the Canadian pension plan.

3.5 CONSOLIDATED CASH FLOW STATEMENT REVIEW

3.5.1 CASH FLOWS FROM OPERATING ACTIVITIES

(in € million)	First-Half 2015	First-Half 2014	Change
EBITDA before non-recurring income and expenses	**1,916**	**1,687**	**+229**
Change in inventory	(69)	(245)	+176
Change in trade receivables	(556)	(391)	-165
Change in trade payables	(29)	19	-48
Restructuring cash costs	(48)	(37)	-11
Tax and interest paid	(361)	(385)	+24
Other	(43)	(12)	-31
CASH FLOWS FROM OPERATING ACTIVITIES	**810**	**636**	**+174**

At €1,916 million, **EBITDA** before non-recurring income and expense was up €229 million year-on-year. Despite the €115 million increase in depreciation and amortization charges over the period, the improvement was attributable to the €103 million increase in operating income before non-recurring items to €1,262 million from €1,159 million in first-half 2014.

Cash flow from operating activities climbed €174 million, to €810 million from €636 million, primarily as a result of:

- the sharp increase in EBITDA;
- the slight increase in the negative impact of the higher working capital requirement, to a negative €654 million from a negative €617 million in first-half 2014, primarily due to:
  - the change in inventory, which increased by just €69 million, compared with an increase of €245 million in first-half 2014, *i.e.* a €176-million decrease in the negative impact,
  - the change in trade receivables, to a €556 million increase from a €391 million increase in first-half 2014, mainly due to the strong growth in first-half sales,
  - the change in trade payables, which increased by €29 million instead of declining by €19 million in first-half 2014, despite the positive impact of the reverse factoring contracts with certain suppliers for €86 million;
- the slight increase in provisions for restructuring cash costs, which rose to €48 million from €37 million in first-half 2014;
- the decline in taxes and interests paid, to €361 million from €385 million.

3.5.2 CAPITAL EXPENDITURE

(in € million)	First-Half 2015	First-Half 2014	YoY change	First-Half 2015 *(as a % of net sales)*	First-Half 2014 *(as a % of net sales)*
Gross purchases of intangible assets and PP&E	**632**	**703**	**(71)**	**6.0%**	**7.3%**
Investment grants received and change in capital expenditures payables	274	185	89	2.6%	1.9%
Proceeds from sales of intangible assets and PP&E	(7)	(13)	6	-0.1%	-0.1%
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**899**	**875**	**24**	**8.6%**	**9.0%**

Gross purchases of intangible assets and property, plant and equipment came to €632 million for the period, compared to €703 million in first-half 2014, and therefore represented 6.0% of net sales versus 7.3% before.

Of the total, growth investments stood at €228 million, of which more than half concerned new plants in Indonesia, China and Serbia.

Note that the Group's financing depends on its ability to generate cash flow as well as on market opportunities. As a result, there is generally no direct link between sources of financing and investment projects.

3.5.3 AVAILABLE CASH FLOW AND FREE CASH FLOW

Available cash flow corresponds to cash flow from recurring operations, *i.e.* after routine capital expenditure but before growth investments.

Free cash flow, which is stated before dividend payments and financing transactions, corresponds to cash flows from operating activities less cash flows used in investing activities (excluding net cash flows from cash management financial assets and borrowing collaterals).

(in € million)	First-Half 2015	First-Half 2014	Change
Cash flows from operating activities	**810**	**636**	**+174**
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(404)	(312)	-92
AVAILABLE CASH FLOW	**406**	**324**	**+82**
Growth investments	(228)	(391)	+163
Other cash flows from investing activities	(397)	(176)	-221
FREE CASH FLOW	**(219)**	**(243)**	**+24**

After subtracting €404 million in routine capital expenditure, available cash flow stood at €406 million for first-half 2015.

During the period, the Group invested €119 million in acquisitions. Notably, the Group formed a joint venture with Barito Pacific Group to produce eco-responsible natural rubber in Indonesia, and acquired all outstanding shares of Blackcircles.com.

Free cash flow ended the period at a negative €219 million, in particular after the €228 million in growth investments and the acquisitons.

3.6 OUTLOOK FOR FULL-YEAR 2015

With tire demand expected to remain on an upward trend in mature regions but more challenging in new markets, Michelin's objective for the second half is to pursue the growth trends observed in the first six months of the year. Changes in price mix and raw materials prices are expected to have over the full year a net negative effect on the businesses subject to contractual raw materials indexation clauses and a net neutral effect on the remaining businesses. The sustained deployment of the competitiveness plan will help to offset cost inflation over the year.

The Group confirms its target of delivering an increase in operating income before non-recurring income excluding the currency effect, a return on capital employed in excess of 11%, and structural free cash flow of more than €700 million, while pursuing a capital expenditure program totaling around €1.8 billion.

3.7 RELATED PARTIES

There were no new material related party transactions during the first half of 2015, nor any material changes in the related party transactions described in the 2014 Registration Document.

3.8 RISK MANAGEMENT

The Michelin Group's principal risks have been identified and are described in the 2014 Registration Document.

3.9 FINANCIAL HIGHLIGHTS

(in € million)	First-Half 2015	First-Half 2014	2014	2013	2012	2011	2010
Net sales	10,497	9,673	19,553	20,247	21,474	20,719	17,891
% change	*+8.5%*	*-4.8%*	*-3.4%*	*-5.7%*	*+3.6%*	*+15.8%*	*20.8%*
Total employee benefit costs	2,975	2,697	5,292	5,292	5,377	5,021	4,836
as a % of net sales	*28.3%*	*27.9%*	*27.1%*	*26.1%*	*25.0%*	*24.2%*	*27.0%*
Number of full time equivalent employees at period-end	106,800	106,300	106,700	105,700	107,300	108,300	105,100
Research and development expenses	349	319	656	643	622	592	545
as a % of net sales	3.3%	3.3%	3.4%	3.2%	2.9%	2.9%	3.0%
EBITDA before non-recurring income and expenses (1)	1,916	1,687	3,286	3,285	3,445	2,878	2,660
Operating income before non-recurring income and expenses	1,262	1,159	2,170	2,234	2,423	1,945	1,695
Operating margin before non-recurring income and expenses	12.0%	12.0%	11.1%	11.0%	11.3%	9.4%	9.5%
Operating income	1,245	1,072	1,991	1,974	2,469	1,945	1,945
Operating margin	11.9%	11.1%	10.2%	9.7%	11.5%	9.4%	9.5%
Cost of net debt	100	65	130	94	155	206	236
Other financial income and expenses	(23)	12	(43)	(15)	(22)	236	10
Income before taxes	1,058	937	1,651	1,702	2,307	1,996	1,498
Income tax	351	313	620	575	736	534	449
Effective tax rate	33.2%	33.4%	37.5%	33.8%	31.9%	26.8%	30.0%
Net income	707	624	1,031	1,127	1,571	1,462	1,049
as a % of net sales	*6.7%*	*6.5%*	*5.3%*	*5.6%*	*7.3%*	*7.1%*	*5.9%*
Dividends (2)	463	464	464	438	378	314	147
Cash flows from operating activities	810	636	2,522	3,089	2,926	1,196	1,322
as a % of net sales	*7.7%*	*6.6%*	*12.9%*	*15.3%*	*13.6%*	*5.8%*	*7.4%*

(in € million)	First-Half 2015	First-Half 2014	2014	2013	2012	2011	2010
Gross purchases of intangible assets and PP&E	632	703	1,883	1,980	1,996	1,711	1,100
as a % of net sales	*6.0%*	*7.3%*	*9.6%*	*9.8%*	*9.3%*	*8.3%*	*6.1%*
Net debt (3)	1,798	892	707	142	1,053	1,814	1,629
Equity	9,803	9,436	9,523	9,256	8,501	8,101	8,127
Gearing	18%	9%	7%	2%	12%	22%	20%
Net debt (3)/EBITDA (1)	0.94	0.53	0.22	0.04	0.31	0.63	0.61
Cash flows from operating activities/Net debt (3)	45.1%	71.3%	N/M	N/M	277.9%	65.9%	81.2%
Operating income before non-recurring items/ Net interest charge (4)	12.4	17.6	16.0	15.7	14.2	9.2	9.1
Free cash flow (5)	(219)	(243)	322	1,154	1,075	(19)	426
ROE (6)	N/A	N/A	10.8%	12.2%	18.5%	18.1%	12.9%
ROCE (7)	N/A	N/A	11.1%	11.9%	12.8%	10.9%	10.5%
Per share data *(in €)*							
Net assets per share (8)	52.8	50.7	51.3	49.8	46.6	45.9	46.0
Basic earnings per share	3.79	3.34	5.52	6.08	8.62	8.14	6.78
Diluted earnings per share	3.72	3.28	5.45	5.98	8.41	7.97	6.64
Price-earnings ratio (9)	N/A	N/A	13.6	12.7	8.3	5.6	7.9
Dividend for the year	N/A	N/A	2.50	2.50	2.40	2.10	1.78
Pay-out ratio (10)	N/A	N/A	40.6%	35.0%	28.7%	30.0%	30.0%
Yield (11)	N/A	N/A	3.3%	3.2%	3.4%	4.6%	3.3%
Share turnover rate (12)	61%	85%	91%	99%	129%	180%	188%

(1) As defined in note 3.7.2 to the 2014 consolidated financial statements.
(2) Including the dividends reinvested in new shares.
(3) Net debt: financial liabilities less cash and cash equivalents (excluding cash flows from cash management financial assets and borrowing collaterals) plus/less derivative assets, as defined in note 26 to the 2014 consolidated financial statements.
(4) Net interest charge: interest expense less interest income from cash and equivalents.
(5) Free cash flow: cash flows from operating activities less cash flows used in investing activities (excluding net cash flows from cash management financial assets and borrowing collaterals), as defined in section 3.5.3.
(6) ROE: net income attributable to shareholders/shareholders' equity excluding non-controlling interests.
(7) ROCE: Net operating profit after tax (NOPAT)/capital employed (intangible assets and PP&E + long-term financial assets + working capital requirement), as defined in section 2.7 of the 2014 Registration Document.
(8) Net assets per share: net assets/number of shares outstanding at the end of the period.
(9) PER: Share price at the end of the period/basic earnings per share.
(10) Payout ratio: Dividend/Net income before non-recurring items.
(11) Yield: dividend per share/share price at December 31.
(12) Share turnover rate: number of shares traded during the year/average number of shares outstanding during the year.

3.10 SHARE INFORMATION

3.10.1 THE MICHELIN SHARE

Traded on the NYSE Euronext Paris Stock Exchange

- Compartment A;
- Eligible for the SRD deferred settlement system;
- ISIN: FR 0000121261;
- Par value: €2;
- Traded in units of: 1.

Market capitalization

- €17.456 billion at June 30, 2015.

Average daily trading volume

- 811,572 shares in first-half 2015.

Indices

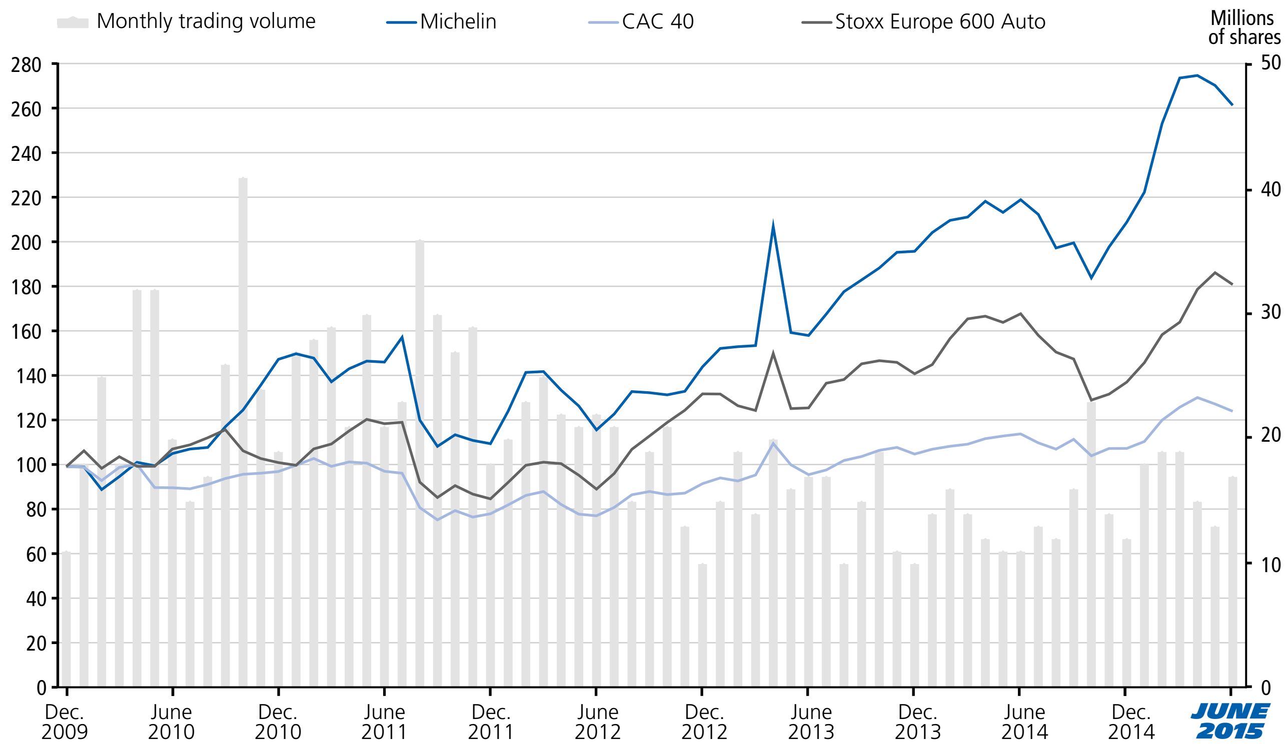
The Michelin share is included in two leading stock market indices. As of June 30, 2015, it represented:

- 1.80% of the CAC 40 Index;
- 0.76% of the Euronext 100 Index.

Michelin is also included in the main Socially Responsible Investing (SRI) Indices:

- Dow Jones Sustainability Index (DJSI) Stoxx for European sustainability leaders and DJSI World for global sustainability leaders;
- Ethibel Sustainability Index (ESI) Europe.

SHARE PERFORMANCE
(closing price at June 30, 2015)



3.10.2 SHARE DATA

Share price *(in €)*	First-Half 2015	2014	2013	2012	2011	2010
High	103.90	94.33	84.71	72.58	68.54	64.51
Low	71.60	65.10	57.23	45.32	40.20	48.13
High/Low ratio	1.45	1.45	1.48	1.60	1.70	1.34
Closing price, end of period	93.99	75.27	77.25	71.59	45.68	53.70
Change over the period	24.9%	-2.6%	+7.9%	+56.7%	-14.9%	+0.2%
Change in the CAC 40 index over the period	*12.1%*	*-0.5%*	*+18.0%*	*+15.2%*	*-20.4%*	*-3.3%*
Market value at end of period *(in € billion)*	**17.46**	**13.98**	**14.35**	**13.07**	**8.22**	**9.48**
Average daily trading volume over the period	811,572	662,063	719,464	913,167	1,246,389	1,116,722
Average shares outstanding	166,707,630	185,954,390	184,901,269	181,099,501	178,446,812	153,672,558
Volume of shares traded over the period	101,446,526	168,826,055	183,463,371	233,770,814	320,321,901	288,114,287
Share turnover ratio	**61%**	**91%**	**99%**	**129%**	**180%**	**187%**

3.10.3 PER-SHARE DATA

(in € per share, except ratios)	First-Half 2015	2014	2013	2012	2011	2010
Net assets per share	52.8	51.3	49.8	46.6	45.9	46
Basic earnings per share	3.79	5.52	6.08	8.62	8.14	6.78
Diluted earnings per share [(1)]	3.72	5.45	5.98	8.41	7.97	6.64
Price-earnings ratio	**N.App.**	**13.6**	**12.7**	**8.31**	**5.6**	**7.9**
Dividend for the year	N.App.	2.50	2.50	2.40	2.10	1.78
Pay-out ratio	N.App.	40.6%	35.0%	28.7%	30.0%	30.0%
Yield [(2)]	N.App.	3.3%	3.2%	3.4%	4.6%	3.3%

(1) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of outstanding dilutive instruments.
(2) Dividend / Share price at December 31.

The goal of the Group's dividend policy is to pay out approximately 35% of consolidated net income before exceptional items.

3.10.4 CAPITAL AND OWNERSHIP STRUCTURE

At June 30, 2014, Michelin's share capital amounted to €371,452,400.

	At June 30, 2015		
	Number of shareholders	Number of shareholders	Number of shareholders
French institutional investors		21.4%	24.0%
Non-resident institutional investors	3,000	63.1%	61.3%
Individual shareholders	154,696	13.2%	12.4%
Employee Shareholder Plan	70,523	1.7%	2.3%
Treasury shares	0	0.6%	-
TOTAL	**228,219**	**186,552,549 SHARES [(1)]**	**244,025,637 VOTING RIGHTS**

(1) All fully paid-up.

Shares held in the same name for at least four years carry double voting rights.

3.11 FIRST-HALF 2015 OPERATING HIGHLIGHTS

3.11.1 STRATEGY – PARTNERSHIPS – INVESTMENTS

Michelin Acquires 40% Stake in Allopneus SAS for an Outlay of €60 Million

(April 14, 2015) – Allopneus sold some 3 million tires in France in 2014, and is enjoying strong growth, accounting today for 7% of the French market. The Allopneus Group today employs more than 200 people and has made its mark through a high-performance business model and the reliability of its services to become the e-commerce leader for tires in France.

The minority shareholding of the Michelin Group in Allopneus is entirely consistent with the strategic line pursued by J.-D. Senard, Group CEO: "Getting Michelin to grow means understanding our markets in detail, so as to anticipate and satisfy the needs of our customers. This alliance between two pragmatic companies manifests our desire to satisfy motorists to whom we are able to offer a simplified and financially-advantageous path from searching for information on the Internet through to getting their tires fitted by professionals."

Michelin buys Blackcircles.com for £50 million

(June 5, 2015) – Michelin acquired Blackcircles.com, the number one Internet tyre sales company in the United Kingdom, for a sum of £50 million.

Based in Edinburgh, Blackcircles.com generated £28 million in revenue in 2014. Run by Mike WELCH, its founder, Blackcircles.com has enjoyed growth of around 20% *per annum* since 2008, in particular thanks to its "Click & Fit" formula, which includes the sale of the product and the service. In the first quarter of 2015, with growth up 34% compared to Q1 2014, Blackcircles.com has confirmed its dynamism. This strong development is likely to continue apace in the years to come, mainly due to the boom in e-business in the UK and the expected consolidation of the leadership position already held by Blackcircles.com.

The acquisition of Blackcircles.com will enable Michelin to improve the performance of its mix of distribution channels in the United Kingdom, and in particular to develop synergies with its traditional distributor, ATS Euromaster.

Following the acquisition in mid-April of a 40% stake in Allopneus, the leading French online tire sales company, this acquisition represents for Michelin yet another stage in the implementation of an active e-commerce strategy.

Thanks to this alliance with two European players who have succeeded in creating a new efficient tire sales business model, Michelin is pursuing its objective to address the new expectations of motorists, and in particular to offer them a simple and efficient purchase process and best value.

Michelin Invests in Ecomobility Ventures

(January 27, 2015) – Created in 2011 by SNCF, Orange and Total, the Ecomobility Ventures investment fund contributes to the development of sustainable mobility by supporting innovation and cooperation between start-ups and larger companies. Its investing strategy is focused on four key areas: transportation services, innovative information technologies, connected vehicles and mobility solutions, and intelligent infrastructure.

These new types of sustainable mobility, stimulated by the rapid evolution of technologies and usages, require leveraging many types of industrial expertise. By joining this partnership, Michelin and the Air Liquide Group are demonstrating the critical role that innovation plays in their overall strategy. In addition, they will be providing the three original partners with their own know-how and expertise to broaden the mobility ecosystem's scope of understanding and action.

Launch of a €750 Million Share Buyback Program

(April 22, 2015) – When it released its first-quarter 2015 net sales, Michelin also announced that it would carry out a €750 million share buyback program.

Reflecting the Group's confidence in its ability to structurally generate free cash flow, the program is part of the balanced, dynamic relationship that exists between Michelin and its shareholders, who have supported its development over the years. It will enable the Group to optimize its cost of capital at a time of low interest rates.

The program will be carried out over a period of 18 to 24 months in three tranches of around six months and €250 million each. All of the acquired shares will be cancelled.

Joint Venture to Produce Natural, Eco-Friendly Rubber

(May 18, 2015) – Michelin and Barito Pacific Group (BPG) have created a joint-venture in Indonesia to produce natural, eco-friendly rubber. According to the terms of the agreement, this new joint-venture will be owned 53% by BPG and 47% by Michelin, with Michelin's contribution to the joint-venture amounting to \$55 million. In addition, Michelin has joined forces with the WWF to protect and restore the fauna and flora in the regions concerned.

The project involves the reforestation of three concessions, representing a total surface area of 88,000 hectares, ravaged by uncontrolled deforestation. On half of these areas, situated respectively in the provinces of Jambi (Sumatra) and North-East Kalimantan-Timur (Borneo), rubber trees will be planted to produce natural rubber (approximately 80,000 tonnes *per annum*). The other half will be earmarked for re-creating a natural environment and community crops. The project will ultimately create 16,000 direct and indirect local jobs.

As part of its commitment to promoting sustainable natural rubber production practices, Michelin has chosen to enter into a long-term cooperation agreement with the non-governmental organization WWF.

MICHELIN Successfully Places €300 Million Seven-Year Notes Issue and €300 Million Twelve-Year Notes Issue

(May 26, 2015) – Michelin has successfully placed a bond issue in two tranches: a €300 million seven-year tranche with a 1.125% coupon and a €300 million 12-year tranche with a 1.750% coupon.

The very favorable investor response to the issue, which was heavily oversubscribed, attests to the market's confidence in the Group's creditworthiness and demonstrates the excellent geographic diversification of its investor base.

The issue is supporting the Group's strategy of actively managing its debt and strengthening its liquidity.

3.11.2 PRODUCTS – INNOVATIONS – SERVICES

3.11.2 a) Passenger Car and Light Truck Tires and Related Distribution

In a turning point in history, in May 2015 Michelin proceeded with the European market launch of the MICHELIN CrossClimate, the first summer tire certified for winter use.

The new MICHELIN CrossClimate combines summer and winter tire technologies that until now were thought to be incompatible.

(March 2, 2015) – The MICHELIN CrossClimate is an innovative tire because it safely adapts to different climatic situations. It is the only tire that combines the advantages of both summer and winter tires.

- The MICHELIN CrossClimate tire has a short braking distance on dry ground.
- It boasts the top "A" rating for wet braking in the EU labelling system.
- In addition, the tire is approved for winter use, identifiable by the logo 3PMSF (Three Peak Mountain Snowflake) symbol on the sidewall, indicating its ability to be used in winter, including in countries where fitting vehicles with winter tires is a legal requirement.

This new product combines three technologies: an innovative tread compound, a unique V tread pattern, combined with an evolutionary angle which optimizes grip on snow and new self-blocking 3D sipes.

BFGoodrich® Tires Releases 16 Additional Sizes Of Its Toughest All-Terrain Tire Ever

Engineered from BFGoodrich's championship off-road motorsports racing technology, the KO2 delivers exceptional toughness, treadlife and traction for traversing harsh conditions, including gravel, dirt, rock, mud and snow. The new KO2 provides consumers the confidence to take on the toughest challenges for work or play.

Compared to the already formidable current KO tire, the new KO2 brings the toughness, traction and treadlife that demanding light truck owners require in a tire.

Building on BFG's long heritage as an innovative all-terrain tiremaker, the KO2 incorporates technology developed and tested through the brand's legendary off-road motorsports teams that have earned 81 off-road wins at races in the Baja peninsula – by far the most by any tire brand.

Key features of the KO2 include:

- 20% tougher Sidewalls due to the race-proven and race-winning CoreGard™ technology;
- Longer Treadlife: the KO2 has a new tread design and rubber formulation that helps it last twice as long on gravel and 15% longer on asphalt than the previous tire;
- Aggressive Traction: 10% greater traction in the mud and 19% greater traction in the snow.

3.11.2 b) Truck Tires and Related Distribution

New MICHELIN X® WORKS™ Damage Guarantee: Better Cost Control and Peace of Mind Guaranteed for Worksite Supply Activities

(March 2015) – Michelin is offering a free guarantee for MICHELIN X® WORKS™ tires used for worksite supply activities.

- It covers accidental damages to tires, both on new vehicles and replacement tires.
- All that is needed to benefit from the guarantee is to simply register online on the MyAccount page, which can be accessed from the trucks.michelin.eu website.
- In the event of a tire incident, the dealer will issue a refund in the form of credit.

Given that their transport activities are carried out on roads, on dirt tracks and in quarries, freight companies should equip their trucks with tires that are both robust on harsh terrain and durable on asphalt. MICHELIN X® WORKS™ tires meet these robustness, endurance, durability and safety objectives. The new damage guarantee enables work to be carried out with even greater peace of mind, because the budget remains under control, even when the unexpected occurs.

3.11.2 c) Specialty Businesses

▸ Earthmover Tires

Michelin EarthMover Management System Evolution3: A New Step Toward the Use of "Communicating Tires" in Mining

(June 2015) – Michelin has launched the MEMS (Michelin Earthmover Management System) Evolution3, an advanced tire-connected data sensing and transmission system.

The MEMS Evolution3 not only gives tires the ability to communicate their temperature and pressure conditions in real-time, it also has the innovative capability to send alerts to operators *via* various communication channels. Its advanced features take it beyond the realm of TPMS (Tire Pressure Management Systems) and into the world of "communicating tires". This is a major innovation in the world of mining tires.

The connectivity and integrated design of MEMS Evolution3 enables it to send alerts to everyone involved in the mining process through various means of communication: Internet, email, or SMS.

Michelin is increasing the operational efficiency of dumper trucks used in surface mines with this new generation MEMS. This is part of the Group's commitment to offering, in addition to the tire itself, enhanced services that create added value for users.

▸ Agricultural Tires

Michelin at the SIMA International Agri Business Show

(February 22-26, 2015) – Paris (Villepinte) – At SIMA 2015, Michelin showcased its ability to innovate in all areas, ranging from connected services to the invention of new types of tires.

Farmers are faced with problems that are easy to talk about, but complex to solve: people require food today, but they will also need it in the future when there will be more mouths to feed and less arable land.

Pressure Calculator application

With a picture and a few clicks on a smartphone, the MICHELIN Pressure Calculator app instantly shows farmers the right tire pressure for their tractor or machinery, based on a specified load and speed. The right pressure keeps them safe on the road and protects their soil in the field.

MICHELIN AxioBib Discovery, an augmented reality application

A new Michelin application offers us an inside view of the MICHELIN AxioBib IF 900/65 R46 tire, the world's largest tractor tire. Measuring 2.32 meters high and weighing more than 500 kg, this giant, technology-packed agricultural tire can withstand the most powerful forces while keeping the wheel fixed on the rim thanks to its reinforced bead grip. The tire offers the best-possible soil protection due to its Ultraflex technology and can run at 65 km/hour on roads where permitted. This reflects a unique design that allows the tire to run at low pressure while carrying loads of up to 10,600 kg.

A QR code is embossed on the sidewall of the Michelin AxioBib IF 900/65 R46 tire, the largest tractor tire in the world

Michelin has embedded a QR code into the tire's sidewall. Farmers buying a tractor fitted with the tire as original equipment can flash the QR code and register for Michelin's service. They will then be contacted by someone at Michelin who will provide support and offer advice on how to optimize their use of this standout agricultural tire to meet their expectations and obtain the best possible performance: more productivity with preserved soil quality.

Michelin Earns "Supplier of the Year" and "Innovation of the Year" Awards from Deere & Company

(March 10, 2015) – The Michelin Group's Specialty Businesses operating unit was named "Supplier of the Year" and "Partner-level Supplier" by Deere & Company for 2014. "Partner-level Supplier" is the highest rating awarded by Deere to suppliers as part of its ongoing "Achieving Excellence" initiative.

Additionally, Michelin Tweel Technologies received the John Deere "Innovation of the Year Award" for the MICHELIN® X® TWEEL® TURF™ tire. The award is presented to a select group of suppliers that have demonstrated innovation in a product or service they provide to John Deere. Award selections are based on four factors: creativity, feasibility, collaboration and bottom-line impact.

▸ Two-Wheel Tires

Michelin to Launch Six New Hypersport and Track Tires in 2015 – In Quest for High Performance

(February 11, 2015) – Michelin will be revamping the bulk of its entire lineup of motorcycle hypersport and track tires in 2015, with the introduction of six new products. Designed to meet the needs of all riders, from the professional racer to the track-day enthusiast, the lineup incorporates the latest cutting edge technologies tested on the track in order to provide maximum safety, performance and riding enjoyment.

- **MICHELIN Power SuperMoto;**
- **MICHELIN Power Slick Ultimate;**
- **MICHELIN Power Cup Ultimate;**
- **MICHELIN Power Slick Evo;**
- **MICHELIN Power Cup Evo;**
- **MICHELIN Power SuperSport Evo.**

Having officially announced its return to MotoGP in 2016, Michelin is gearing up for a new challenge in this premier motorcycle racing championship, where bikes deliver up to 250 hp. A continuously evolving showcase of advanced technology, MotoGP is set to adopt the 17-inch wheel size, which is the market standard for sports and road motorcycles.

Boasting its 112th world championship across all disciplines, as well as an extraordinary 2014 season marked by two stunning victories at the Spanish and Italian Speed Championships, Michelin has established an impressive record of wins in motorcycle racing. An important showcase of Michelin knowhow, racing has long been a laboratory for technological excellence that has richly contributed to the six new tire ranges.

▸ Aircraft Tires

Michelin Earns 'Supplier Of The Year' Recognition From Boeing

(April 16, 2015) – Michelin Aircraft Tires has been recognized as Supplier of the Year in the Electronics/Hydraulics/Mechanical category by The Boeing Company, the world's largest aerospace company and the leading manufacturer of commercial jetliners and defense, space and security systems.

According to Boeing, the Supplier of the Year distinction recognizes superior performance and rewards excellence. Michelin also received a Boeing Performance Excellence Award.

Michelin's partnership with Boeing applies to a large portion of the Boeing product range: the Boeing 737, the world's best-selling aircraft, the 777, well-known to passengers, the 787 and, also, military systems. Michelin's radial tires with Near Zero Growth (NZG) technology are designed to provide long tire life and reduce Total Cost of Ownership (TCO) without compromising on safety.

At the Paris Air Show, Michelin Presents its New Range of Michelin Air X Tires and Highlights its Partnership with Dassault Aviation

(June 15-21, 2015) – The 2015 International Paris Air Show was, for Michelin, an opportunity to showcase its special relationship with one of its partners: Dassault Aviation. The imminent market launch of the Falcon 5X and Falcon 8X, for which Michelin is the exclusive supplier with its Michelin Air X tires featuring NZG technology, along with the sales contracts signed for the Rafale military jet, for which Michelin has developed the Michelin Air X radial tires, offer shining illustrations of French excellence.

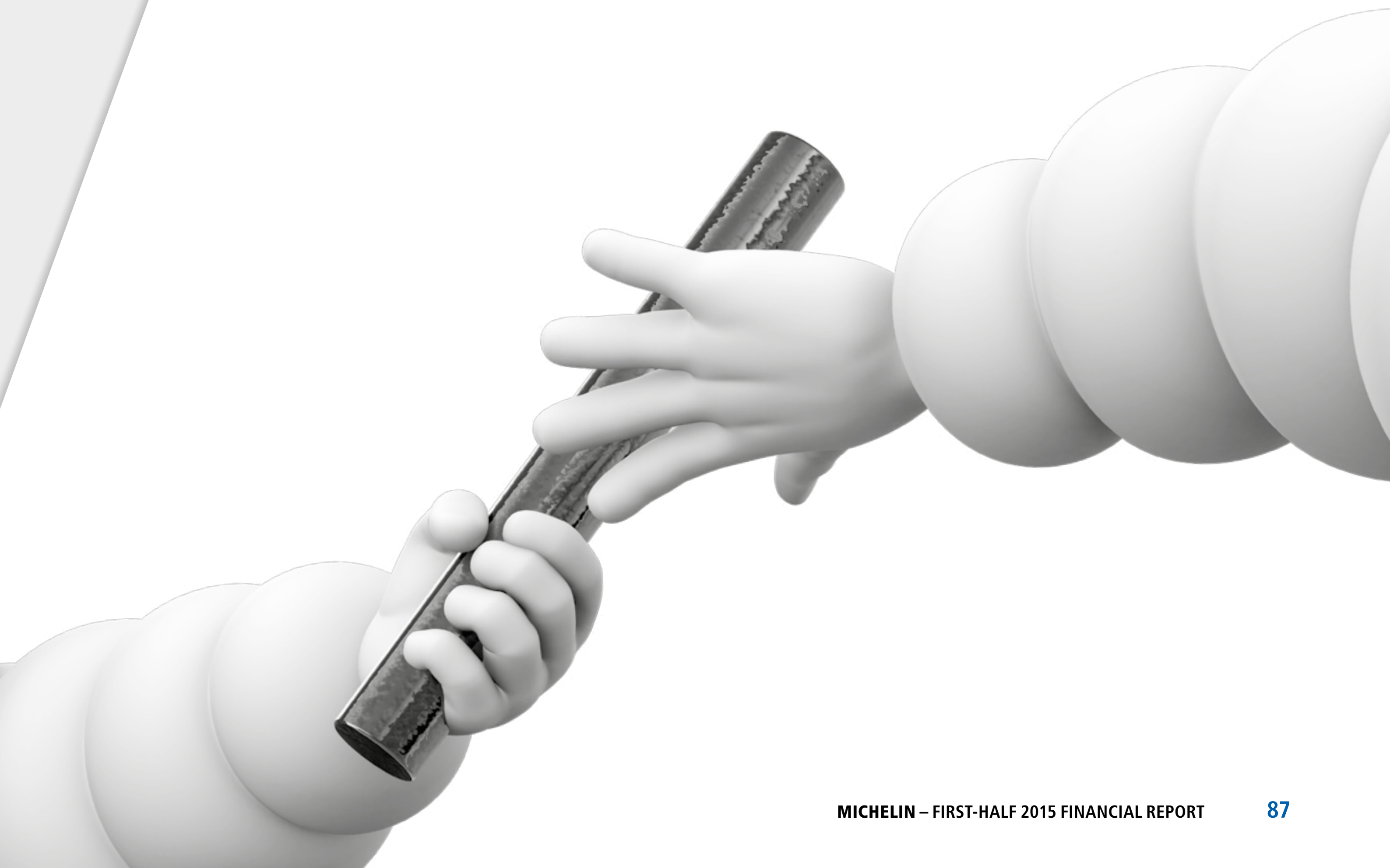
3.11.3 RACING

MICHELIN Total Performance at the 2015 Dakar Rally

(January 21, 2015) – The trail of the 2015 Dakar through Argentina, Chile and Bolivia saw Michelin make a real contribution to the success of its partners. Indeed, only 216 of the original 420 vehicles that started the competition made it to the end of the 9,000 km adventure which, as usual, put competitors to the toughest of tests. However, despite the customary cocktail of high-speed action, intense heat and tracks where traction is constantly at a premium, Michelin's tires came through the ordeal on top once again.

While the MICHELIN Latitude C tire – the choice of the majority of the Car runners – is a familiar sight on the South American rally, the latest MICHELIN D15 tire designed for the new Peugeot 2008 DKR enjoyed a successful debut outing. On two wheels, the combination of the MICHELIN Desert Race tire and the MICHELIN Bibmousse insert proved once again to be the solution to beat. These tires are available for all customers at Michelin retailers, as is the MICHELIN XZL+ tire which equipped the Truck class-winning Kamaz.

4 CONSOLIDATED INTERIM FINANCIAL STATEMENTS



CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in € million, except per share data)	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 (1)
Net sales	3	10,497	9,673
Cost of sales		(7,035)	(6,505)
Gross income		**3,462**	**3,168**
Sales and marketing expenses		(936)	(875)
Research and development expenses		(349)	(319)
General and administrative expenses		(888)	(812)
Other operating income and expenses		(27)	(9)
Operating income before non-recurring income and expenses	3	**1,262**	**1,153**
Non-recurring income and expenses	4	(17)	(87)
Operating income/(loss)		**1,245**	**1,066**
Cost of net debt	5	(100)	(65)
Other financial income and expenses	5	(23)	12
Net interest on employee benefit obligations	11	(70)	(76)
Share of profit/(loss) from associates		6	(6)
Income/(loss) before taxes		**1,058**	**931**
Income tax		(351)	(312)
NET INCOME/(LOSS)		**707**	**619**
▶ Attributable to the shareholders of the Company		709	619
▶ Attributable to the non-controlling interests		(2)	-
Earnings per share *(in €)*			
▶ Basic	6	3.79	3.31
▶ Diluted		3.72	3.25

(1) *Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.*

The notes 1 to 16 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 (1)
Net income/(loss)		**707**	**619**
Post-employment benefits	11	15	(49)
Tax effect – Post-employment benefits		(8)	8
Other items of comprehensive income that will not be reclassified to income statement		7	**(41)**
Available-for-sale financial assets – change in fair values		(16)	(19)
Tax effect – available-for-sale financial assets – change in fair values		-	4
Available-for-sale financial assets – (gain)/loss recognized in income statement		-	-
Currency translation differences		212	76
Other		-	(3)
Other items of comprehensive income that may be reclassified to income statement		**196**	**58**
Other comprehensive income		**203**	**17**
COMPREHENSIVE INCOME		**910**	**636**
▶ Attributable to the shareholders of the Company		910	636
▶ Attributable to the non-controlling interests		-	-

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

The notes 1 to 16 are an integral part of the consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

(in € million)	Note	June 30, 2015	December 31, 2014 (1)	June 30, 2014 (1)
Goodwill		837	835	404
Intangible assets		665	602	473
Property, plant and equipment (PP&E)		10,469	10,081	9,173
Non-current financial assets and other assets		348	283	302
Investments in associates		253	189	192
Deferred tax assets		1,219	1,148	1,082
Non-current assets		**13,791**	**13,138**	**11,626**
Inventories		4,510	4,203	4,229
Trade receivables		3,190	2,569	2,939
Current financial assets		377	462	478
Other current assets		882	891	706
Cash and cash equivalents		1,153	1,167	807
Current assets		**10,112**	**9,292**	**9,159**
TOTAL ASSETS		**23,903**	**22,430**	**20,785**
Share capital	7	373	371	373
Share premiums	7	3,658	3,601	3,678
Reserves	8	5,716	5,534	5,364
Non-controlling interests		56	12	11
Equity		**9,803**	**9,518**	**9,426**
Non-current financial liabilities	9	2,279	1,621	1,476
Employee benefit obligations	11	4,780	4,612	4,025
Provisions and other non-current liabilities	12	1,564	1,476	1,287
Deferred tax liabilities		107	95	28
Non-current liabilities		**8,730**	**7,804**	**6,816**
Current financial liabilities	9	1,075	726	758
Trade payables		1,872	2,154	1,777
Trade payables under factoring contracts	2.2	96	8	-
Other current liabilities		2,327	2,220	2,008
Current liabilities		**5,370**	**5,108**	**4,543**
TOTAL EQUITY AND LIABILITIES		**23,903**	**22,430**	**20,785**

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

The notes 1 to 16 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	**Share capital** *(note 7)*	**Share premiums** *(note 7)*	**Reserves** *(note 8)*	**Non-controlling interests**	**Total**
At January 1, 2014 (1)	**372**	**3,641**	**5,232**	**6**	**9,251**
Net income/(loss)	-	-	619	-	619
Other comprehensive income	-	-	17	-	17
Comprehensive income	**-**	**-**	**636**	**-**	**636**
Issuance of shares	1	37	-	-	38
Reduction in capital	-	-	-	-	-
Dividends and other allocations	-	-	(486)	-	(486)
Share-based payments – cost of services rendered	-	-	4	-	4
Purchase of shares	-	-	(24)	-	(24)
Disposal of shares	-	-	2	-	2
Non-controlling interests in share capital increases	-	-	-	5	5
At June 30, 2014 (1)	**373**	**3,678**	**5,364**	**11**	**9,426**
Net income/(loss)	-	-	412	-	412
Other comprehensive income	-	-	(269)	-	(269)
Comprehensive income	**-**	**-**	**143**	**-**	**143**
Issuance of shares	1	7	-	-	8
Reduction in capital	(2)	(85)	87	-	-
Dividends and other allocations	-	-	-	-	-
Share-based payments – cost of services rendered	-	-	3	-	3
Purchase of shares	-	-	(63)	-	(63)
Disposal of shares	-	-	-	-	-
Other	(1)	1	-	1	1
At December 31, 2014 (1)	**371**	**3,601**	**5,534**	**12**	**9,518**
Net income/(loss)	-	-	709	(2)	707
Other comprehensive income	-	-	201	2	203
Comprehensive income	**-**	**-**	**910**	**-**	**910**
Issuance of shares	2	57	-	-	59
Reduction in capital	-	-	-	-	-
Dividends and other allocations	-	-	(482)	(1)	(483)
Share-based payments – cost of services rendered	-	-	5	-	5
Purchase of shares	-	-	(251)	-	(251)
Disposal of shares	-	-	-	-	-
Non-controlling interests in share capital increases	-	-	-	45	45
AT JUNE 30, 2015	**373**	**3,658**	**5,716**	**56**	**9,803**

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

The notes 1 to 16 are an integral part of the consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in € million)	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 [(1)]
Net income		707	619
Adjustments			
▶ Cost of net debt	5	100	65
▶ Other financial income and expenses	5	23	(12)
▶ Net interest on benefits	11	70	76
▶ Income tax		351	312
▶ Amortization, depreciation and impairment of intangible assets and PP&E		654	528
▶ Non-recurring income and expenses	4	17	87
▶ Share of loss/(profit) from associates		(6)	6
EBITDA before non-recurring income and expenses		**1,916**	**1,681**
Other non-cash income and expenses	13	(2)	(4)
Change in provisions, including employee benefit obligations	13	(135)	(81)
Cost of net debt and other financial income and expenses paid	13	(94)	(64)
Income tax paid		(267)	(321)
Change in working capital, net of impairments	13	(608)	(575)
Cash flows from operating activities		**810**	**636**
Purchases of intangible assets and PP&E	13	(906)	(888)
Proceeds from sale of intangible assets and PP&E		7	13
Equity investments in consolidated companies, net of cash acquired		(46)	(3)
Disposals of equity investments in consolidated companies, net of cash sold		-	-
Purchases of available-for-sale financial assets		(74)	(8)
Proceeds from sale of available-for-sale financial assets		1	-
Cash flows from other financial assets	13	55	69
Cash flows from investing activities		**(963)**	**(817)**
Proceeds from issuances of shares	7	59	38
Dividends paid to the shareholders of the Company	7	(463)	(464)
Cash flows from financial liabilities	13	642	(105)
Purchase of shares	8	(113)	(24)
Other cash flows from financing activities		8	(20)
Cash flows from financing activities		**133**	**(575)**
Effect of changes in exchange rates		**6**	**-**
INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS		**(14)**	**(756)**
Cash and cash equivalents at January 1		**1,167**	**1,563**
Cash and cash equivalents at June 30		**1,153**	**807**

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

The notes 1 to 16 are an integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Compagnie Générale des Établissements Michelin (CGEM or the "Company") and its subsidiaries (together "the Group") manufacture, distribute and sell tires throughout the world.

The Company is a *société en commandite par actions* (Partnership Limited by Shares) incorporated in Clermont-Ferrand (France).

The Company is listed on Euronext Paris (Eurolist Compartment A).

After a review by the Supervisory Board, these condensed consolidated interim financial statements were authorized for issue by the Managing Chairman on July 23, 2015.

Except as otherwise stated, all amounts are presented in € million.

NOTE 2 BASIS OF PREPARATION

2.1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements and should be read in conjunction with the Group consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as adopted by the European Union at closing date with a mandatory application.

2.2. Accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended December 31, 2014.

Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The net liability for post-retirement benefits and the related net provision are measured based on the latest actuarial valuations available at the previous period closing date. For the main benefit plans (United States of America, Canada, United Kingdom, Germany and France), the actuarial assumptions have been updated. The main assumptions are adjusted provided that the change during the six-month period is deemed to be significant. The market value of the plan assets is measured at the interim closing date.

Furthermore, the Group has put in place paying agent contracts with some financial institutions. Under these agreements, the financial institution acts as a paying agent with respect to invoices due to our suppliers that have entered into a bilateral agreement with the financial institution in order to be in position to assign their trade receivables from the Group.

Given the nature of these contracts, the total balance of trade payables to such suppliers is presented on a separate line of the consolidated balance sheet "Trade payables under factoring contracts".

In the consolidated cash flow statement, these operations are included in operating activities.

2.3. New standards, amendments and interpretations to existing standards effective from January 1, 2015

The new standards, major amendments and interpretations to existing standards, which are applicable for the accounting periods beginning on January 1, 2015 and which could have an impact for the Group, are described below:

- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The Interpretation was adopted by the European Union on June 14, 2014 and shall be applied no later than the accounting period beginning on or after June 17, 2014. The Group decided to apply this Interpretation from the accounting period beginning on January 1, 2015. The impact of this change in accounting policy is presented in note 2.4.

The Group has not anticipated the implementation of any standards or interpretations which will become mandatory after June 30, 2015.

2.4. Impact of the change in accounting policy

Further to the change in accounting policy regarding IFRIC 21 "Levies" (note 2.3), the figures reported as of June 30, 2014 and January 1, 2015 have been restated.

The effect of this change on the balance sheet is summarized below:

	June 30, 2014			January 1, 2015		
(in € million)	As reported	Restatements	As restated	As reported	Restatements	As restated
Non-current assets	11,626	-	11,626	13,139	(1)	13,138
including deferred tax assets	*1,082*	-	*1,082*	*1,149*	*(1)*	*1,148*
Current assets	9,151	8	9,159	9,284	8	9,292
including other current assets	*698*	*8*	*706*	*883*	*8*	*891*
TOTAL ASSETS	**20,777**	**8**	**20,785**	**22,423**	**7**	**22,430**
Equity	9,436	(10)	9,426	9,523	(5)	9,518
Non-current liabilities	6,816	-	6,816	7,804	-	7,804
Current liabilities	4,525	18	4,543	5,096	12	5,108
including other current liabilities	*1,990*	*18*	*2,008*	*2,208*	*12*	*2,220*
TOTAL EQUITY AND LIABILITIES	**20,777**	**8**	**20,785**	**22,423**	**7**	**22,430**

The effect of this change on the income statement is summarized below:

	Six months ended June 30, 2014		
(in € million)	As reported	Restatements	As restated
Net sales	9,673	-	9,673
Operating income before non-recurring income and expenses	1,159	(6)	1,153
Operating income	1,072	(6)	1,066
Income before taxes	937	(6)	931
Income tax	(313)	1	(312)
NET INCOME	**624**	**(5)**	**619**
Earnings per share *(in €)*			
▶ Basic	3.34		3.31
▶ Diluted	3.28		3.25

2.5. Critical accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires that management uses assumptions and estimates to determine the value of assets and liabilities at the balance sheet date and the amount of income and expenses for the reporting period. The actual results could differ from those estimates.

2.6. Change in the scope of consolidation

On April 30, 2015 the Group acquired Blackcircles, a leading Internet tire retailer in the United Kingdom. The fair value of the consideration transferred, including a contingent consideration, has been estimated on a provisional basis at €90 million. The company's balance sheet at the acquisition date, before identification and valuation of any intangible asset to be recognized by applying the acquisition method, shows a net asset of about €1 million. This acquisition is temporarily presented as "Non-current financial assets and other assets" in the consolidated balance sheet at June 30, 2015.

Michelin announced in May 2015 the creation of a joint-venture in Indonesia with Barito Pacific Group to develop and eco-friendly operate three natural rubber plantations. The Group acquired 49% of the shares of the company Royal Lestari Utama, for an amount of €49 million. This shareholding is reflected in the line "Investment in associates" of the consolidated balance sheet at June 30, 2015.

Furthermore, in the first half of 2015, the Group consolidated Ihle, a European passenger car and light truck tire wholesaler, following its acquisition in December 2014.

Lastly, the Group acquired, on August 2014, 100% of the shares and voting rights in Sascar, a brazilian digital fleet management and freight security company. During the first half of 2015, Sascar contributed €47 million to the Group's net sales.

The impact of these operations on the operating income and the net income of the consolidated income statement is not significant.

2.7. Seasonality

Usually cash flows during the first half of the year are mainly impacted by higher working capital needs and dividend payments.

NOTE 3 CONDENSED SEGMENT REPORTING

The Group is organized into Product Lines, each one dedicated to an area of activity, with its own marketing, development, production and sales resources. The Group has three operating segments as follows:

- Passenger car and Light truck tires and related distribution;
- Truck tires and related distribution; and
- Specialty businesses.

Specialty businesses include the Specialty tire business activities (Earthmover, Agricultural, Two-wheel and Aircraft tires) and the activities Michelin Travel Partner and Michelin Lifestyle.

The operating segment performance is evaluated based on operating income before non-recurring income and expenses, consistently with that of the consolidated income statement.

This measurement basis excludes the effects of non-recurring income and expenses from the operating segments. Group financing (including the cost of net debt and other financial income and expenses), result sharing from associates and income tax are managed on a Group basis and are not allocated to operating segments.

The segment information is as follows:

	Six months ended June 30, 2015				Six months ended June 30, 2014 [(1)]			
(in € million)	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total
Net sales	5,860	3,068	1,569	**10,497**	5,167	2,927	1,579	**9,673**
Operating income before non-recurring income and expenses	632	293	337	**1,262**	585	224	344	**1,153**
In percentage of net sales	*10.8%*	*9.6%*	*21.5%*	***12.0%***	*11.3%*	*7.7%*	*21.8%*	***11.9%***

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Sales between segments are carried at arm's length. The sales to external parties reported to the Managing Chairman are measured in a manner consistent with that in the consolidated income statement.

Segment reporting assets are as follows:

	June 30, 2015				December 31, 2014			
(in € million)	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total
Segment assets	9,540	5,551	3,007	**18,098**	8,411	5,489	2,839	**16,739**

Segment assets consist of goodwill and intangible assets, property, plant and equipment, finished products inventories and trade receivables. Corporate intangible assets and property, plant and equipment are allocated to each segment in proportion of directly attributed assets. The amounts provided to the Managing Chairman with respect to segment assets are measured in a manner consistent with that of the consolidated financial statements.

No operating liabilities are allocated to the segments in the Group internal reporting.

The geographic information is broken down by zone hereunder:

	Six months ended June 30, 2015				Six months ended June 30, 2014			
(in € million)	Europe	North America	Other	Total	Europe	North America	Other	Total
Net sales	4,018	3,956	2,523	**10,497**	4,052	3,298	2,323	**9,673**

Europe includes western and eastern European countries. North America includes Mexico. Asian, South-American, Middle-Eastern, Oceanic and African countries are included in "Other".

The Group sales information is based on the location of the customer.

The net sales in France for the six months ended June 30, 2015 amounted to €976 million (2014: €978 million).

NOTE 4 NON-RECURRING INCOME AND EXPENSES

4.1. Six months ended June 30, 2015

The Group is pursuing the reorganization of its industrial, logistics and distribution activities leading to implement, mainly in Europe, several restructuring plans for which cost, amounting to €17 million, has been recognized as a provision covering the social costs and the impairment of non-reusable equipment.

4.2. Six months ended June 30, 2014

4.2.1. Canada

The Group had announced a significant reduction of tire manufacturing capacity at its Pictou, Canada car and light truck tire plant.

This decision had led to the recognition of a provision amounting to €47 million, covering the costs of the social elements of the reorganization as well as adjustments to the value of employee defined benefits and to the fixed assets of the Company.

4.2.2. Hungary

At the announcement of the closure in the course of 2015 of the truck tire production unit in Budapest, a provision amounting to €38 million was recognized corresponding to the social costs of the restructuring, the equipment impairments and the cost necessary to deploy the revitalization plan implemented to help the impacted region.

NOTE 5 COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

Cost of net debt and other financial income and expenses are broken down in the table below:

(in € million)	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest expenses	(107)	(73)
Interest income	5	7
Interest rate derivatives	-	(8)
Fees on credit lines	(4)	(4)
Capitalized borrowing costs	6	13
COST OF NET DEBT	**(100)**	**(65)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	5	25
Currency remeasurement (including currency derivatives)	(11)	(6)
Other	(17)	(7)
OTHER FINANCIAL INCOME AND EXPENSES	**(23)**	**12**

NOTE 6 EARNINGS PER SHARE

Components of the basic and diluted earnings per share calculations are presented in the table below:

	Six months ended June 30, 2015	Six months ended June 30, 2014 (1)
Net income/(loss) *(in € million)*, excluding the non-controlling interests	709	619
▶ Less, estimated grants to the General Partners	(5)	(3)
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of basic earnings per share	**704**	**616**
▶ Plus, interest expenses on convertible bonds	14	14
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of diluted earnings per share	**718**	**630**
Weighted average number of shares *(thousands of shares)* **outstanding used in the calculation of basic earnings per share**	**185,755**	**185,740**
▶ Plus, adjustment for share option plans	658	840
▶ Plus, adjustment for convertible bonds	5,598	6,019
▶ Plus, adjustment for performance shares	1,005	732
Weighted average number of shares used in the calculation of diluted earnings per share	**193,016**	**193,331**
Earnings per share *(in €)*		
▶ Basic	3.79	3.31
▶ Diluted	3.72	3.25

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Diluted earnings per share is calculated by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has three types of dilutive potential shares: convertible bonds, stock options and performance shares.

NOTE 7 SHARE CAPITAL AND SHARE PREMIUMS

(in € million)	Share capital	Share premiums	Total
At January 1, 2014	**372**	**3,641**	**4,013**
Issuance of shares from the exercise of share options and performance shares	1	37	38
Reduction in capital	-	-	-
At June 30, 2014	**373**	**3,678**	**4,051**
Issuance of shares from the exercise of share options and performance shares	1	7	8
Reduction in capital	(2)	(85)	(87)
Other	(1)	1	-
At December 31, 2014	**371**	**3,601**	**3,972**
Issuance of shares from the exercise of share options and performance shares	2	57	59
Reduction in capital	-	-	-
AT JUNE 30, 2015	**373**	**3,658**	**4,031**

(number of shares)	Share issued	Treasury shares	Shares outstanding
At January 1, 2014	**185,789,643**	**(30,000)**	**185,759,643**
Issuance of shares from the exercise of share options and performance shares	698,331	-	698,331
Purchase of shares	-	(269,220)	(269,220)
Disposal of shares	-	19,664	19,664
Reduction in capital	-	-	-
Other	2	-	2
At June 30, 2014	**186,487,976**	**(279,556)**	**186,208,420**
Issuance of shares from the exercise of share options and performance shares	248,560	-	248,560
Purchase of shares	-	(730,780)	(730,780)
Disposal of shares	-	-	-
Reduction in capital	(1,010,336)	1,010,336	-
Other	-	-	-
At December 31, 2014	**185,726,200**	**-**	**185,726,200**
Issuance of shares from the exercise of share options and performance shares	826,321	-	826,321
Purchase of shares	-	(1,192,662)	(1,192,662)
Disposal of shares	-	-	-
Reduction in capital	-	-	-
Other	28	-	28
AT JUNE 30, 2015	**186,552,549**	**(1,192,662)**	**185,359,887**

The dividend granted to the shareholders during the period was €2.50 per share (2014: €2.50 per share). It has been fully paid in cash for a net amount of €463 million (2014: €464 million).

NOTE 8 RESERVES

(in € million)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At January 1, 2014 [(1)]	**(403)**	**(2)**	**163**	**5,474**	**5,232**
Dividends and other allocations	-	-	-	(486)	(486)
Share-based payments – cost of services rendered	-	-	-	4	4
Purchase of shares	-	(24)	-	-	(24)
Disposal/cancellation of shares	-	2	-	-	2
Transactions with the Shareholders of the Company	**-**	**(22)**	**-**	**(482)**	**(504)**
Net income/(loss) attributable to the shareholders of the Company	**-**	**-**	**-**	***619***	***619***
Post-employment benefits	-	-	-	*(49)*	*(49)*
Tax effect – Post-employment benefits	-	-	-	*8*	*8*
Other items of comprehensive income that will not be reclassified to income statement	**-**	**-**	**-**	***(41)***	***(41)***
Available-for-sale financial assets – change in fair values	-	-	*(19)*	-	*(19)*
Tax effect – available-for-sale financial assets – change in fair values	-	-	*4*	-	*4*
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-	-
Currency translation differences	*76*	-	-	-	*76*
Other	-	-	*(4)*	*1*	*(3)*
Other items of comprehensive income that may be reclassified to income statement	***76***	**-**	***(19)***	***1***	***58***
Comprehensive income	**76**	**-**	**(19)**	**579**	**636**
At June 30, 2014 [(1)]	**(327)**	**(24)**	**144**	**5,571**	**5,364**
Dividends and other allocations	-	-	-	-	-
Share-based payments – cost of services rendered	-	-	-	3	3
Purchase of shares	-	(63)	-	-	(63)
Disposal/cancellation of shares	-	87	-	-	87
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**24**	**-**	**3**	**27**
Net income/(loss) attributable to the shareholders of the Company	**-**	**-**	**-**	***412***	***412***
Post-employment benefits	-	-	-	*(435)*	*(435)*
Tax effect – Post-employment benefits	-	-	-	*77*	*77*
Other items of comprehensive income that will not be reclassified to income statement	**-**	**-**	**-**	***(358)***	***(358)***
Available-for-sale financial assets – change in fair values	-	-	*(7)*	-	*(7)*
Tax effect – available-for-sale financial assets – change in fair values	-	-	-	-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-	-
Currency translation differences	*93*	-	-	-	*93*
Other	*(2)*	-	*1*	*4*	*3*
Other items of comprehensive income that may be reclassified to income statement	***91***	**-**	***(6)***	***4***	***89***
Comprehensive income	**91**	**-**	**(6)**	**58**	**143**
At December 31, 2014 [(1)] – carried forward	**(236)**	**-**	**138**	**5,632**	**5,534**

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

(in € million)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At December 31, 2014 [(1)] – brought forward	**(236)**	**-**	**138**	**5,632**	**5,534**
Dividends and other allocations	-	-	-	(482)	(482)
Share-based payments – cost of services rendered	-	-	-	5	5
Purchase of shares	-	(251)	-	-	(251)
Disposal/cancellation of shares	-	-	-	-	-
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**(251)**	**-**	**(477)**	**(728)**
Net income/(loss) attributable to the shareholders of the Company	**-**	**-**	**-**	***709***	***709***
Post-employment benefits	-	-	-	*15*	*15*
Tax effect – Post-employment benefits	-	-	-	*(8)*	*(8)*
Other items of comprehensive income that will not be reclassified to income statement	**-**	**-**	**-**	***7***	***7***
Available-for-sale financial assets – change in fair values	-	-	*(16)*	-	*(16)*
Tax effect – available-for-sale financial assets – change in fair values	-	-	-	-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-	-
Currency translation differences	*210*	-	-	-	*210*
Other	-	-	*1*	*(1)*	-
Other items of comprehensive income that may be reclassified to income statement	***210***	**-**	***(15)***	***(1)***	***194***
Comprehensive income	**210**	**-**	**(15)**	**715**	**910**
AT JUNE 30, 2015	**(26)**	**(251)**	**123**	**5,870**	**5,716**

(1) *Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.*

In April 2015, the Group announced that it would carry out a program to buy back Michelin shares for an amount of €750 million over a period of 18 to 24 months. During the first half of 2015, the Group signed two agreements by which the Group undertakes to buy back an amount of €250 million from an investment services provider before September 30, 2015. An amount of €250 million have been reclassified as current financial liabilities in the balance sheet at the date the agreements were concluded. The debt was reduced by the amount of effective buy back of shares from the provider, totaling €113 million as at June 30, 2015. The average unit price of the 1,192,662 shares acquired as at June 30, 2015 was €94.30.

NOTE 9 FINANCIAL LIABILITIES

The carrying amount of financial liabilities is presented in the table below:

(in € million)	June 30, 2015	December 31, 2014
Bonds	1,717	1,108
Loans from financial institutions and other	334	377
Finance lease liabilities	85	63
Derivative instruments	143	73
Non-current financial liabilities	**2,279**	**1,621**
Bonds and commercial paper	463	419
Loans from financial institutions and other	532	251
Finance lease liabilities	12	9
Derivative instruments	68	47
Current financial liabilities	**1,075**	**726**
FINANCIAL LIABILITIES	**3,354**	**2,347**

The Group net debt is analyzed in the table below:

(in € million)	June 30, 2015	December 31, 2014
Financial liabilities	3,354	2,347
Derivatives recognized as assets	(84)	(88)
Borrowing collaterals	(98)	(72)
Cash management financial assets	(221)	(313)
Cash and cash equivalents	(1,153)	(1,167)
NET DEBT	**1,798**	**707**

In May 2015, the Group, through its subsidiary Michelin Luxembourg SCS, issued two bonds, each of them with a nominal value of €300 million. The first bond is due in May 2022 and its fixed annual interest rate is 1.125%. The second one is due in May 2027 and its fixed annual interest rate is 1.75%. The Group can, under certain conditions, make purchases or reimbursements of the bonds before their maturities.

In March 2015, Moody's upgraded Michelin's long-term credit rating from Baa1 to A3, with a stable outlook, while affirming its P-2 short term rating. Since March 2012, Standard & Poor's rating remains BBB+ for long-term credit and A-2 for short-term credit, with a stable outlook.

In April 2014, the Group fully repaid at maturity, for a total amount of €404 million, its 2009 bond issue.

NOTE 10 SHARE-BASED PAYMENTS

No share-based payments were done during the first six-month period of 2015.

NOTE 11 EMPLOYEE BENEFIT OBLIGATIONS

Movements of provisions included in employee benefit obligations are as follows:

(in € million)	Pension plans	Other plans	2015	2014
At January 1	**2,326**	**2,286**	**4,612**	**3,895**
Contributions paid to the funds	(79)	-	(79)	(26)
Benefits paid directly to the beneficiaries	(14)	(70)	(84)	(71)
Other movements	-	-	-	-
Items recognized in operating income				
Current service cost	35	34	69	57
Actuarial (gains) or losses recognized on other long term benefit plans	-	-	-	-
Past service cost resulting from plan amendments	-	-	-	6
Effect of any plan curtailments or settlements	-	-	-	8
Effect of plan amendments recognized in non-recurring items	-	-	-	-
Other items	2	-	2	2
Items recognized outside operating income				
Net interest of the net defined benefit liability (asset)	34	36	70	76
Items recognized in other comprehensive income				
Translation adjustments	109	96	205	29
Actuarial (gains) or losses	(51)	(37)	(88)	49
Portion of unrecognized asset due to the application of the asset ceiling	73	-	73	-
AT JUNE 30	**2,435**	**2,345**	**4,780**	**4,025**

Actuarial gains and losses recorded in equity are primarily explained by changes in discount rates applied to plans and by the experience adjustments on plan assets located in the following countries:

(in € million)	Euro zone	United Kingdom	United States	Canada	Total
Discount rate at June 30, 2015	2.11%	3.80%	4.50%	3.90%	n/a
Discount rate at December 31, 2014	2.04%	3.80%	4.00%	3.90%	n/a
Actuarial (gains)/losses on change in assumptions	(17)	-	(104)	-	(121)
Experience (gains)/losses on plan assets	(1)	21	70	(57)	33
ACTUARIAL (GAINS) OR LOSSES	**(18)**	**21**	**(34)**	**(57)**	**(88)**

NOTE 12 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Movements of provisions included in “Provisions and other non-current liabilities” are as follows:

(in € million)	Restructuring	Litigation	Other provisions	Total
At January 1, 2015	**206**	**241**	**137**	**584**
Additional provisions	15	55	12	82
Provisions utilized during the year	(46)	(42)	(7)	(95)
Unused provisions reversed during the year	(5)	(2)	-	(7)
Translation adjustments	1	2	2	5
AT JUNE 30, 2015	**171**	**254**	**144**	**569**

NOTE 13 DETAILS OF THE CASH FLOW STATEMENT

Details of the cash flows are presented in the table below:

(in € million)	Six months ended June 30, 2015	Six months ended June 30, 2014 [1]
(Gains)/Losses on disposal of non-financial assets	(5)	(2)
Other	3	(2)
Other non-cash income and expenses	**(2)**	**(4)**
Change in employee benefit obligations	(93)	(38)
Change in restructuring provisions	(48)	(31)
Change in litigation and other provisions	6	(12)
Change in provisions, including employee benefit obligations	**(135)**	**(81)**
Interest and other financial expenses paid	(116)	(99)
Interest and other financial income received	16	10
Dividends received	6	25
Cost of net debt and other financial income and expenses paid	**(94)**	**(64)**
Change in inventories	(69)	(245)
Change in trade receivables and advances	(556)	(391)
Change in trade payables and advances	(115)	19
Change in trade payables under factoring contracts	86	-
Change in other receivables and payables	46	42
Change in working capital, net of impairments	**(608)**	**(575)**
Purchases of intangible assets	(104)	(62)
Purchases of PP&E	(528)	(641)
Government grants received	4	2
Change in capital expenditure payables	(278)	(187)
Purchases of intangible assets and PP&E	**(906)**	**(888)**
Increase in other non-current financial assets	(15)	(4)
Decrease in other non-current financial assets	5	7
Net cash flows from cash management financial assets	92	60
Net cash flows from borrowing collaterals	(26)	2
Net cash flows from other current financial assets	(1)	4
Cash flows from other financial assets	**55**	**69**
Increase in non-current financial liabilities	608	70
Decrease in non-current financial liabilities	(18)	(19)
Repayment of finance lease liabilities	(2)	(5)
Net cash flows from current financial liabilities	(36)	(172)
Derivatives	90	21
Cash flows from financial liabilities	**642**	**(105)**
Details of non cash transactions:		
▶ New finance leases	26	-
▶ Decrease of liabilities to minority shareholders	-	(5)
▶ New emission rights	4	7

(1) Figures have been adjusted as mentioned in note 2.4 "Impact of change in accounting policy" and may therefore be different from those presented in previously published financial statements.

NOTE 14 RELATED PARTY TRANSACTIONS

There were no new significant related party transactions during the first half of 2015, as well as no significant changes in the related party transactions described in the 2014 Annual Report.

NOTE 15 ACQUISITION TRANSACTION IN PROGRESS

The Group announced in April that it would acquire a 40% stake in Allopneus SAS, the leading French Internet tire retailer, for €60 million. This acquisition of a stake, subject to validation from the French Competition Authority, was approved on June 30, 2015. The closing and the acquisition of the shares were effective on July 6, 2015.

NOTE 16 EVENTS AFTER THE BALANCE SHEET DATE

The reported amounts of assets and liabilities at the balance sheet date were adjusted, if needed, up to the date when the Managing Chairman authorized for issue the interim financial statements.

5

STATUTORY AUDITORS' REVIEW REPORT

STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 INTERIM FINANCIAL INFORMATION

This is a free translation into English of the Statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting and in accordance with the requirements of article 451-1-2 III of the French monetary and financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Compagnie Générale des Établissements Michelin, for the six months ended June 30, 2015;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Managing Partner. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

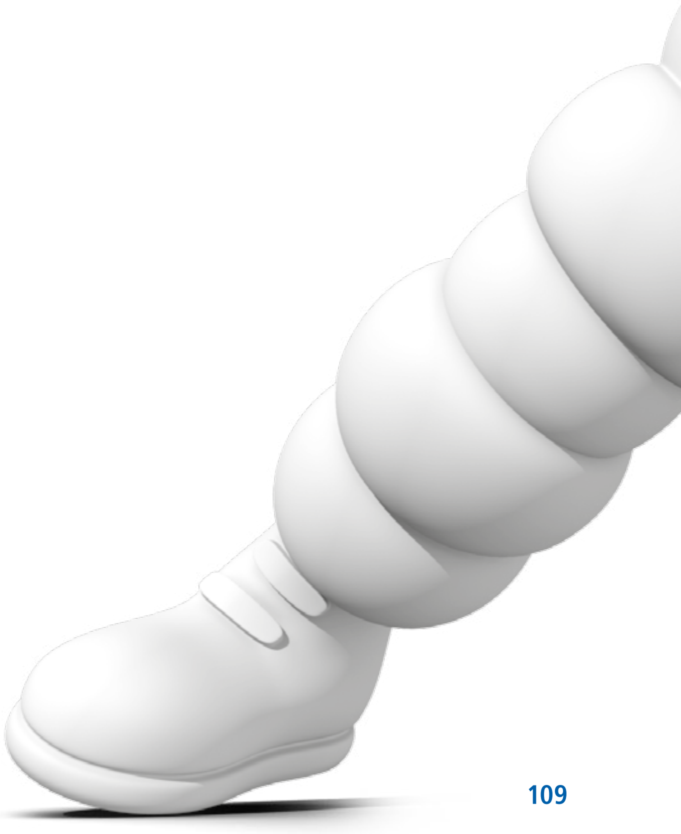
Neuilly-sur-Seine, July 27, 2015

PricewaterhouseCoopers Audit
Éric Bulle

Deloitte & Associés
Pascale Chastaing-Doblin

Statutory auditors

6 STATEMENT BY THE PERSON RESPONSIBLE



STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF 2015 FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, i) the condensed financial statements for the past six-month period have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and ii) the first-half business review on pages 54 to 86 presents a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Jean-Dominique Senard

Design and production: CÔTÉ CORP.
Tel.: +33 (0)1 55 32 29 74

Photo credit: ©Michelin

MICHELIN
+ 33 (0) 4 73 32 20 00 – 23, place des Carmes-Déchaux – 63040 Clermont-Ferrand Cedex 9 – France
www.michelin.com

INVESTOR RELATIONS
VALÉRIE MAGLOIRE, MATTHIEU DEWAVRIN
+ 33 (0) 1 78 76 45 36 – 27, cours de l'Île Seguin – 92100 Boulogne-Billancourt – France
investor-relations@fr.michelin.com

INDIVIDUAL SHAREHOLDER RELATIONS
JACQUES ENGASSER
+ 33 (0) 4 73 98 59 08 – 12, cours Sablon – 63040 Clermont-Ferrand Cedex 9 – France
Toll-free calls in France: 0 800 000 222
actionnaires-individuels@fr.michelin.com

COMMUNICATION AND BRANDS
MEDIA RELATIONS: CORINNE MEUTEY
+ 33 (0) 1 45 66 22 22 – 27, cours de l'Île Seguin – 92100 Boulogne-Billancourt – France

MICHELIN
A better way forward