



FIRST-HALF 2015 RESULTS

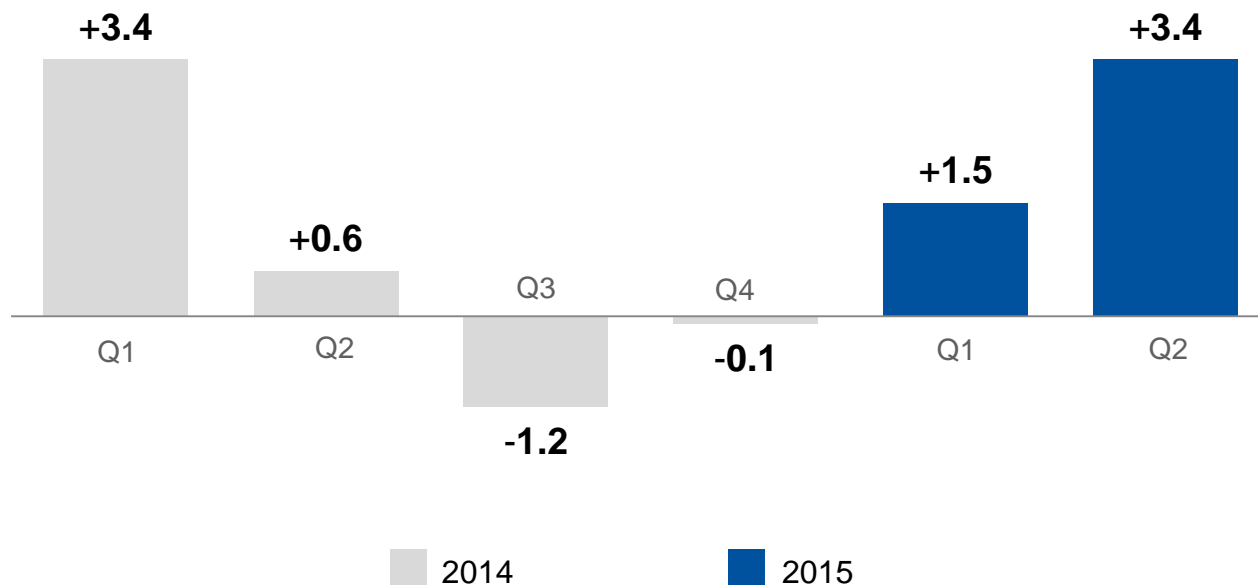
July 28, 2015

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

Accelerating growth driven by product offer

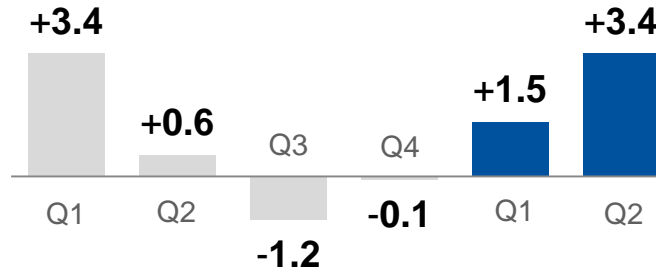
► Volume effect on net sales, 2015/2014 (% change)



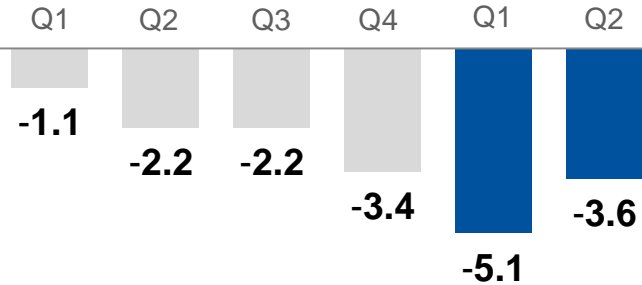
Stronger quarter on quarter volume growth and better price-mix

► Volume and Price mix effect on net sales, 2015/2014 (% change)

► Volume



► Price-mix



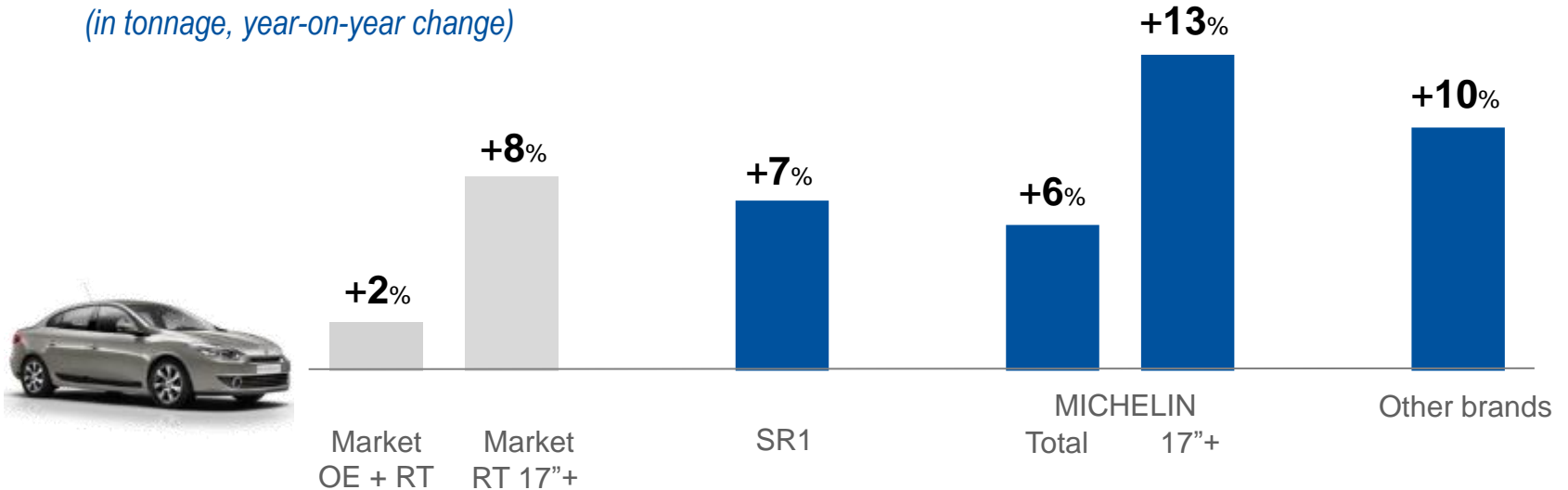
2014

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)



- 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 and 2014 financial highlights as reported

<i>In € millions</i>	H1 2015	H1 2014
Net sales	10,497	9,673
Operating income <i>(before non-recurring items)</i>	1,262	1,159
Operating margin <i>(before non-recurring items)</i>	12%	12%
Non-recurring items	-17	-87
Net income	707	624
Earnings per share <i>(in €)</i>	3.79	3.34
Capital expenditure <i>(excluding acquisitions)</i>	632	703
Free cash flow* <i>(excluding acquisitions)</i>	-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

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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

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First-half 2015 results

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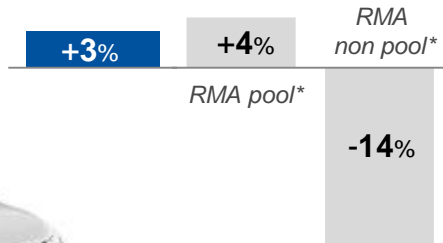
Uneven markets

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



* RMA pool : Rubber Manufacturers Association members

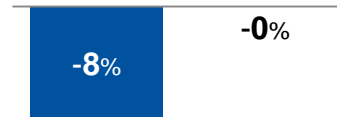
Europe excluding Russia



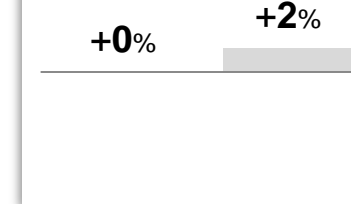
China



New markets excluding China



GLOBAL MARKET



Source : Michelin

■ OE

■ RT

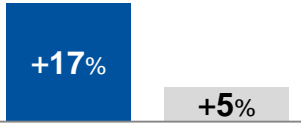
Truck tires: global market down, with growth in mature countries and in India, but demand down in the other new markets

▶ Markets in first-half 2015/2014

% change year-on-year (in number of tires)



North America



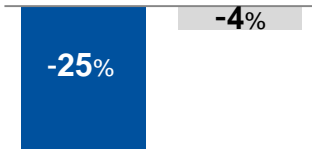
Europe excluding Russia



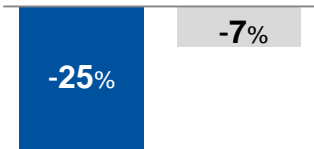
Africa India and Middle East



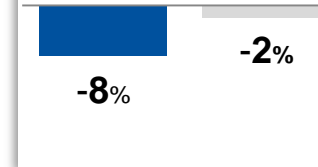
China



New markets excluding China and AIM



GLOBAL MARKET



Source : Michelin

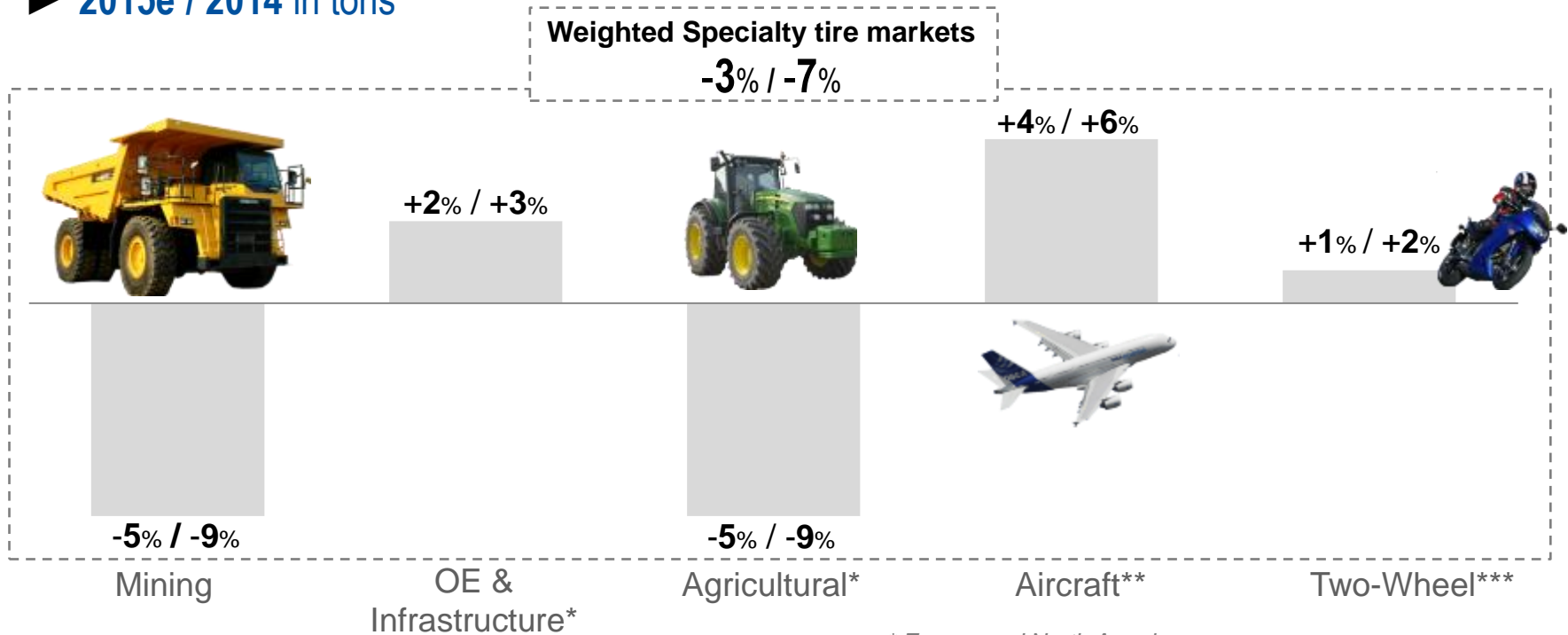
■ OE

■ RT



Specialty markets: 2015 outlook still low in the Mining and Agricultural markets, with slight growth expected in other segments

► 2015e / 2014 in tons



Source : Michelin

* Europe and North America

** Commercial aircraft

*** Motorcycle Europe, USA, Japan



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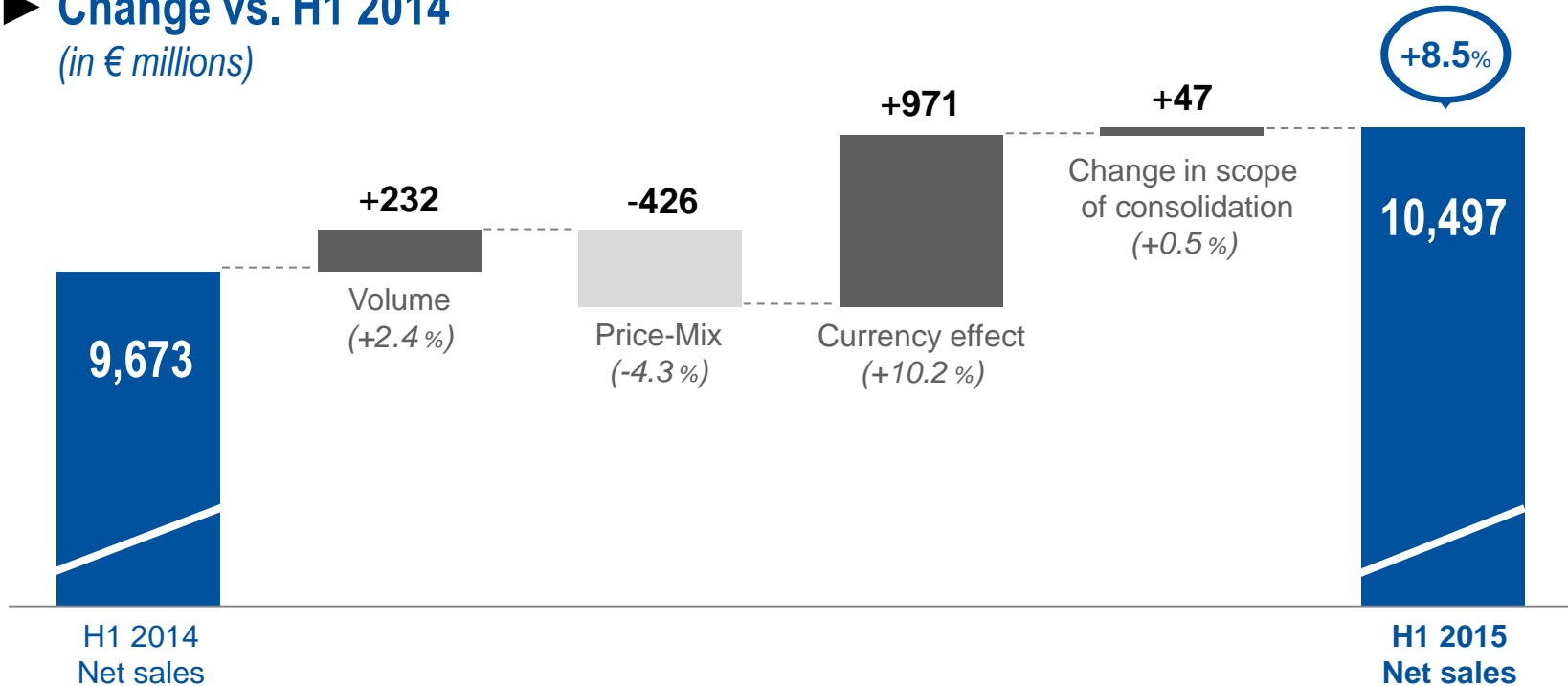
First-half 2015 results

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Operating income up 9%

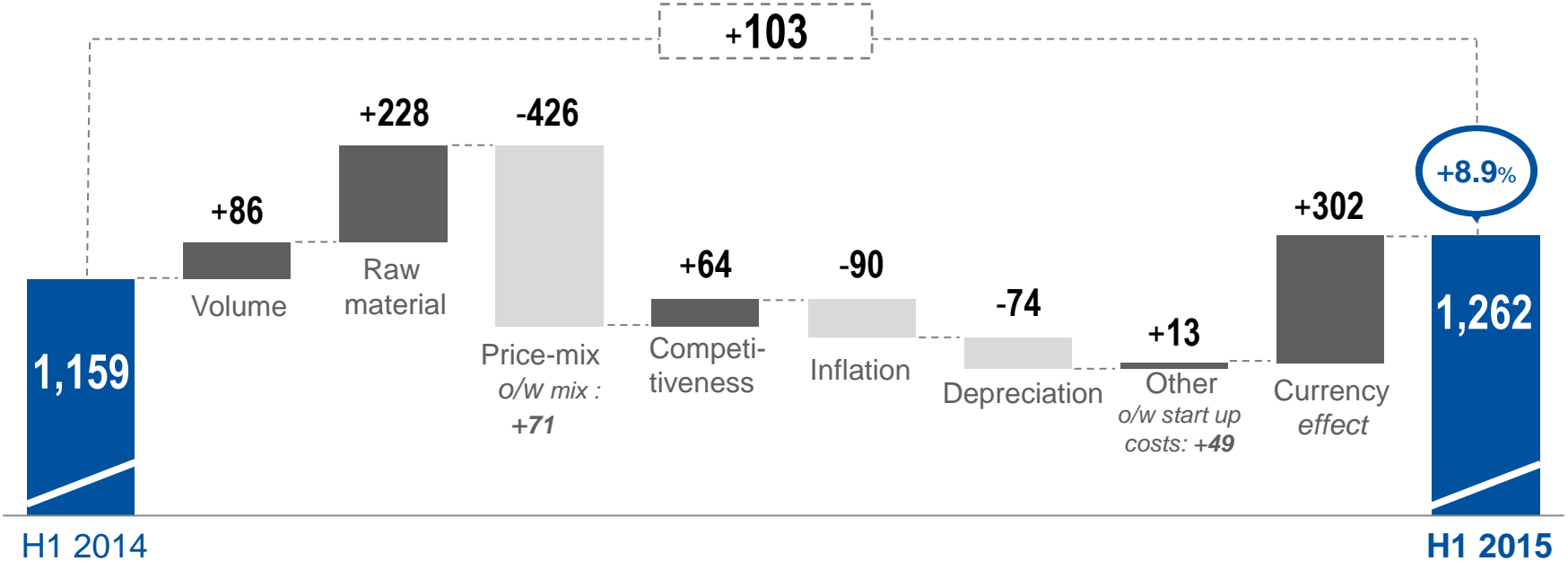
Net sales: above-market growth in volumes

► Change vs. H1 2014 (in € millions)



Operating income before non-recurring items up 9% or €103m

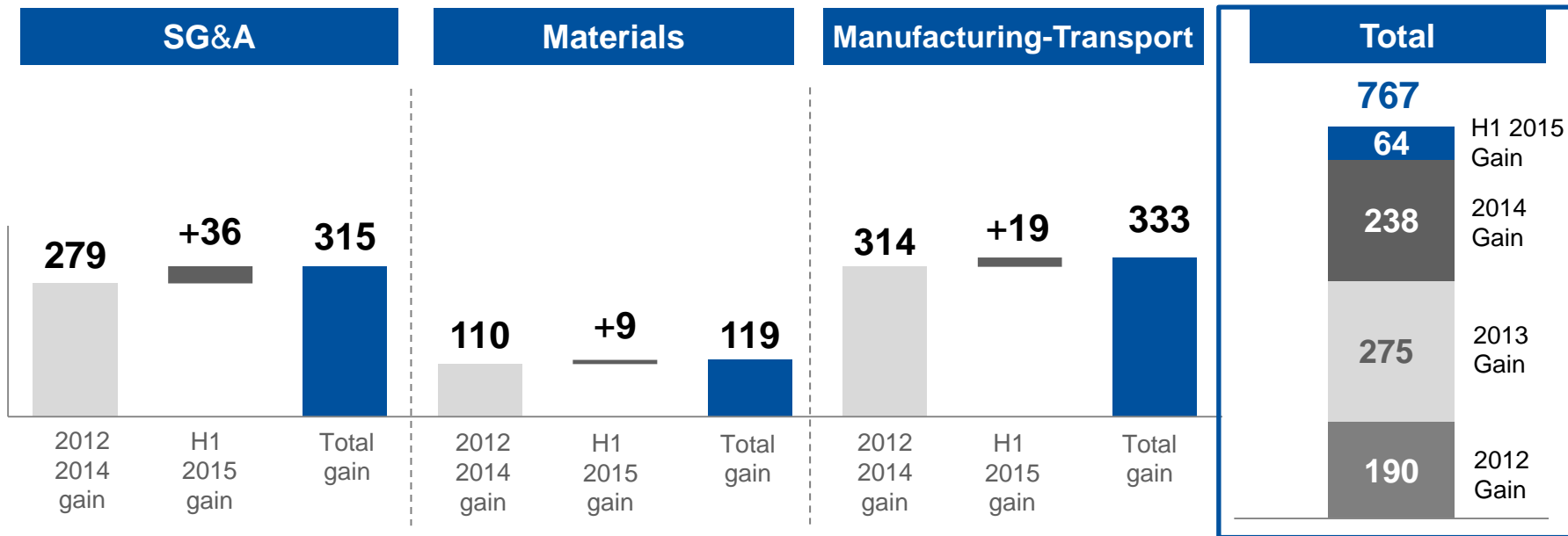
► Change vs. H1 2014 (in € millions)



The competitiveness plan will reach the 2015-2016 target of €500m offsetting annual inflation

Gain objectives* 2012 – 2016

$$€300m/ €400m + €200m/ €300m + €600m/ €700m = €1,200m$$



*Before inflation and including avoided costs

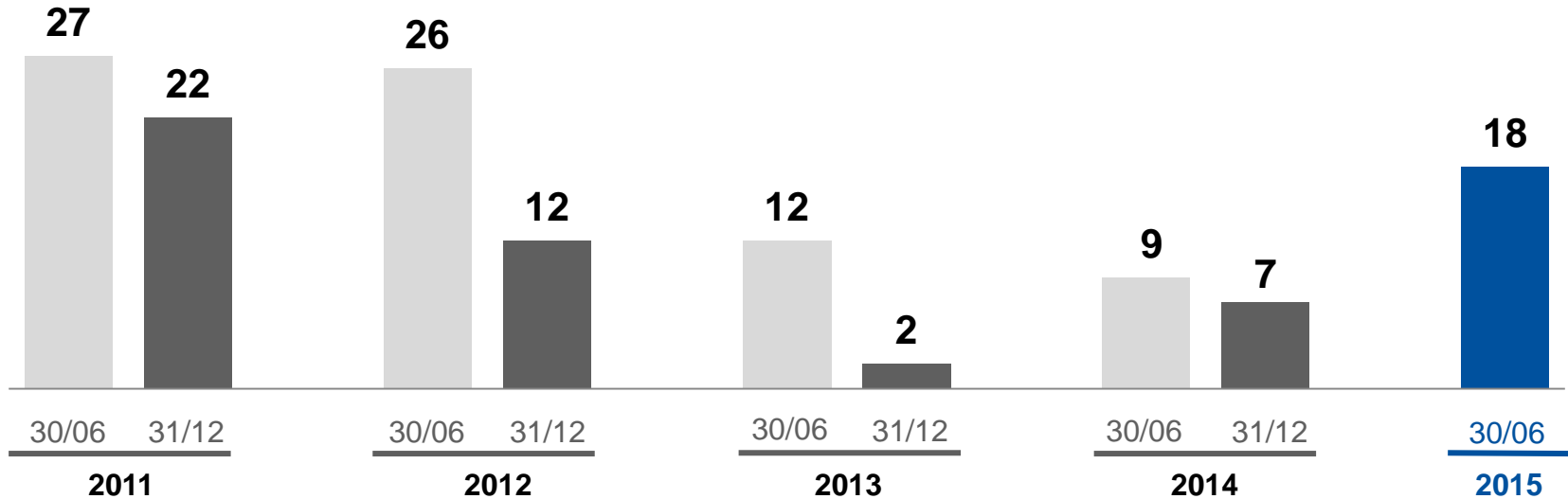
€132m Improvement in free cash flow before acquisitions

<i>In million €</i>	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 (<i>Maintenance, IS/IT, Dealerships</i>)	(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

Financial structure still robust after acquisitions and share buybacks

► Gearing – Net debt/Equity

(as a %)



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First-half 2015 results



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Operating results by RS in line
with Group's full-year guidance

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

► Passenger car and Light truck tires

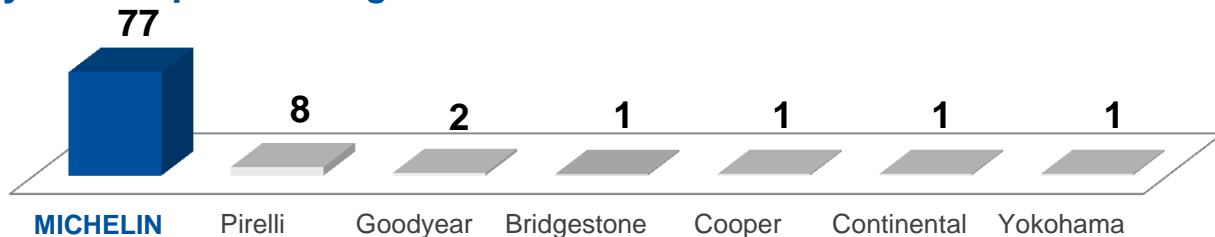
(in € millions)

	H1 2015	Reported H1 2014	Change
 Net Sales <i>Volume growth</i>	5,860 +7%	5,167	+13.4%
 Operating income <i>(before non-recurring items)</i>	632	588	+7.5%
Operating margin <i>(before non recurring items)</i>	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)

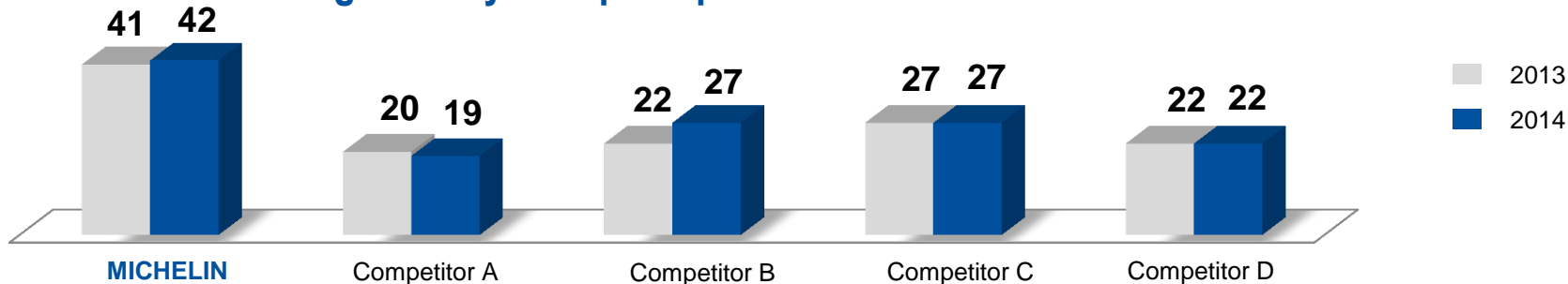
Michelin ranks 1st in North America and in Europe in passenger car customer surveys

- ▶ 77 “J.D. Power awards” for MICHELIN, more than five times the awards received by all competitors together



Source: JD Power & Associates Awards, consumer satisfaction survey 1989-2014

- ▶ Performance recognized by European premium tire consumers



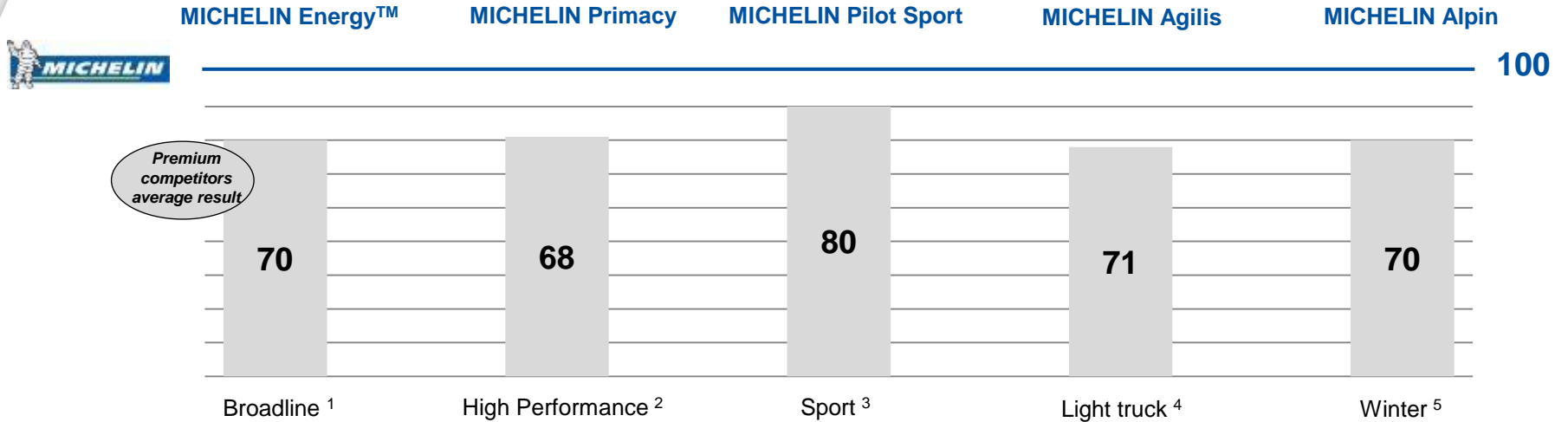
NPS (Net Promoter Score): panel of consumers that purchased tires in the last six months
 Source GfK study – Consumer Behavior Monitoring – Scope: FR, IT, SP, DE, UK, TR



Innovation aimed at delivering total performance



► Longevity performance in Europe (MICHELIN = base 100)



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"



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 Allopeus 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





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

▶ Truck tires <i>(in € millions)</i>		H1 2015	Reported H1 2014	Change
 	Net Sales <i>Volume growth</i>	3,068 -1%	2,927	+4.8%
	Operating income <i>(before non-recurring items)</i>	293	226	+29.6%
	Operating margin <i>(before non recurring items)</i>	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

Specialty tires: 2015 operating margin in line with 2014

► Specialty tires (in € millions)

	H1 2015	Reported H1 2014	Change
   Net Sales <i>Volume growth</i>	1,569 -5%	1,579	-0.6%
 Operating income <i>(before non-recurring items)</i>	337	345	-2.3%
 Operating margin <i>(before non recurring items)</i>	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

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First-half 2015 results

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Guidance confirmed

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.

€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

Key Takeways

- **Solid growth**
- **Demand from consumers confirms the appeal of our offering**
- **Improved free cash flow in H1 2015**
- **Guidance confirmed**

**NEW MICHELIN
CROSSCLIMATE TYRE.
ARM YOURSELF FOR EVERY
WEATHER CONDITION.**



Michelin creates CrossClimate, the first tyre able to cope with unexpected weather thanks to its revolutionary and traction on snow (certified 3PMSE for performance on snow).

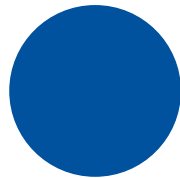
Test the MICHELIN CrossClimate Innovation at: www.crossclimate.michelin.co.uk

performances in dry braking, wet grip ("A" rating for wet braking)



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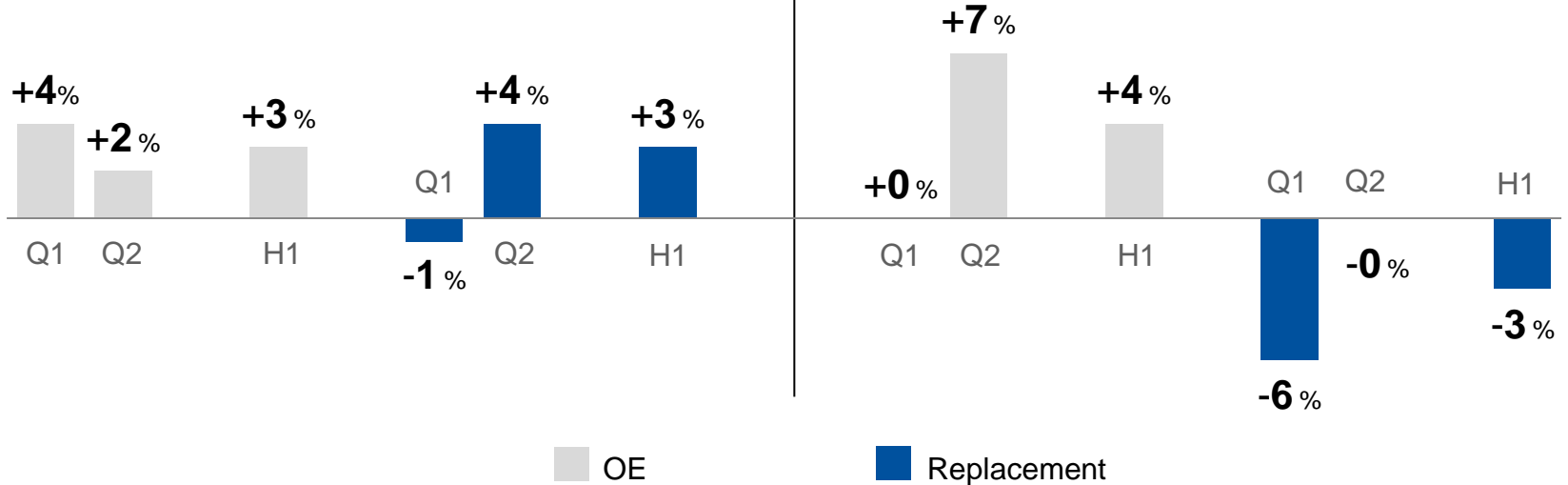


Appendices



Europe: impacted by Eastern Europe

► European markets in first-half 2015/2014 (% change, in number of new tires)

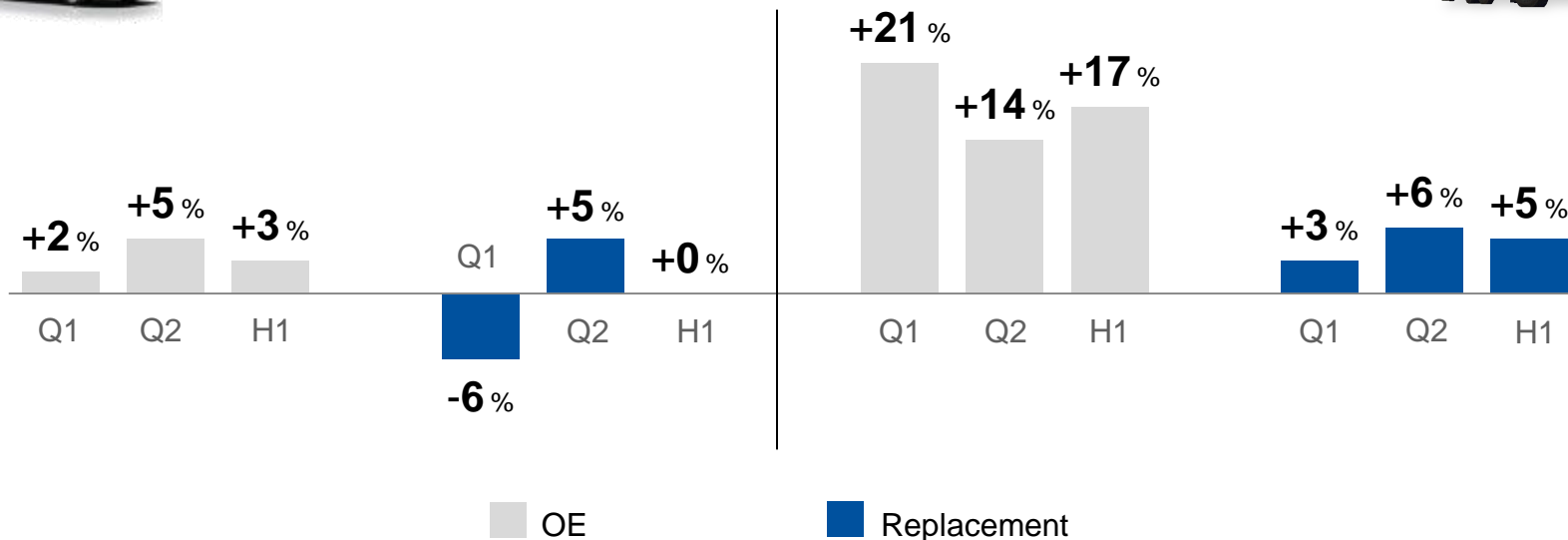


Source : Michelin

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)

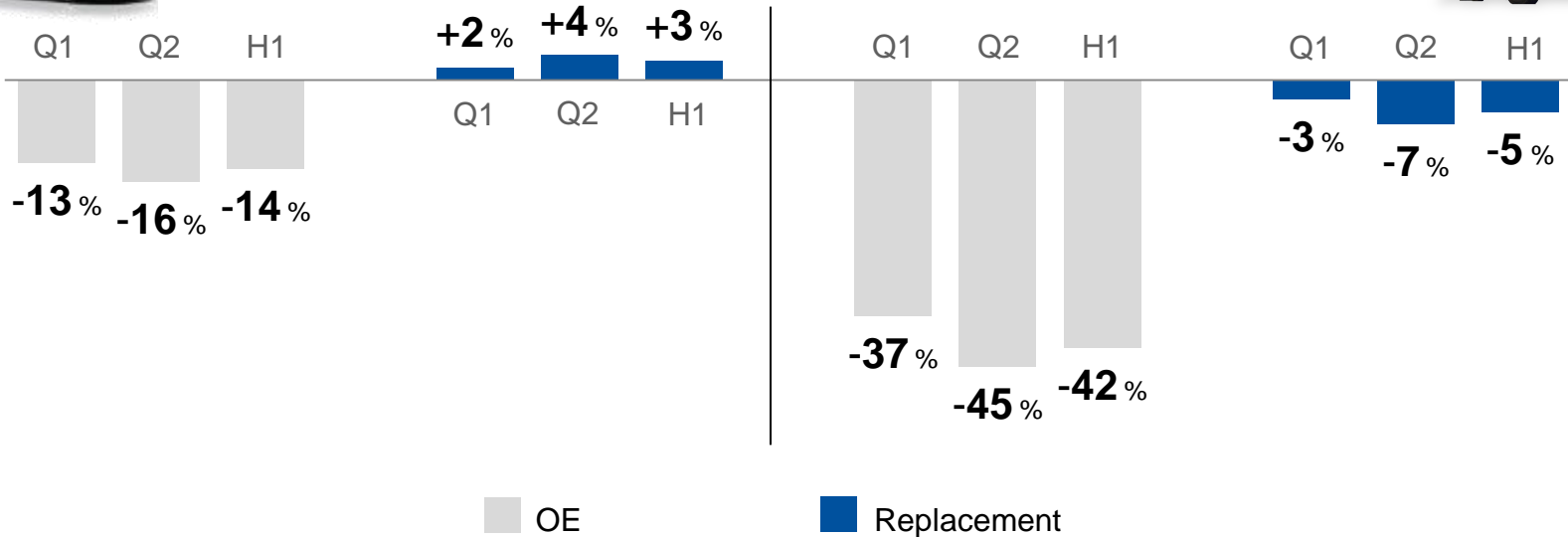


Source : Michelin

South America: challenging economic conditions

► South American markets in first-half 2015/2014

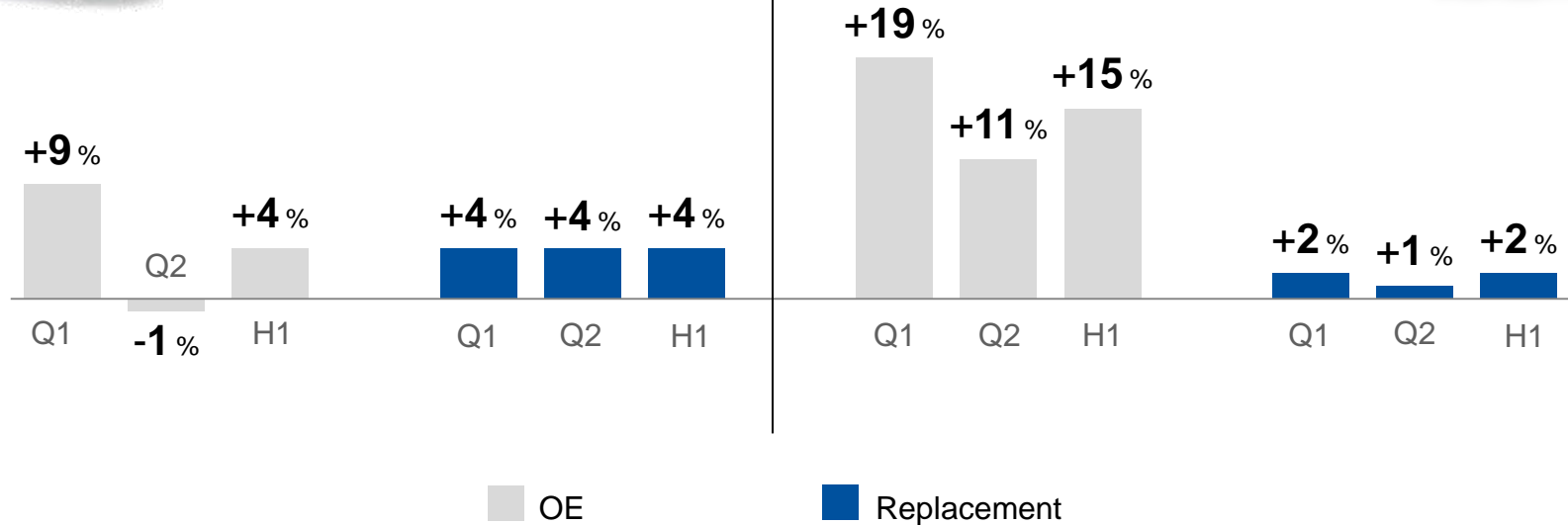
(% change, in number of new tires)



Source : Michelin

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)

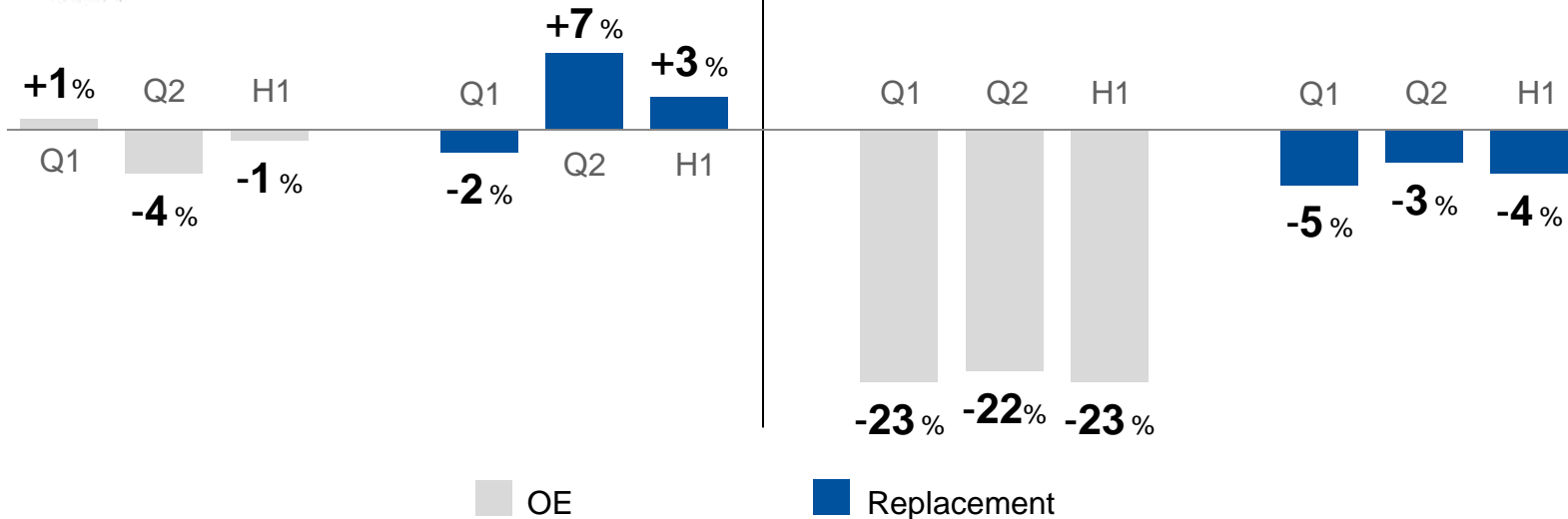


Source : Michelin

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)

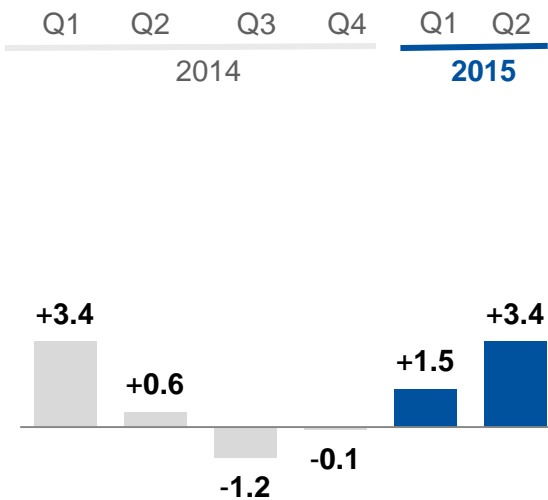


Source : Michelin

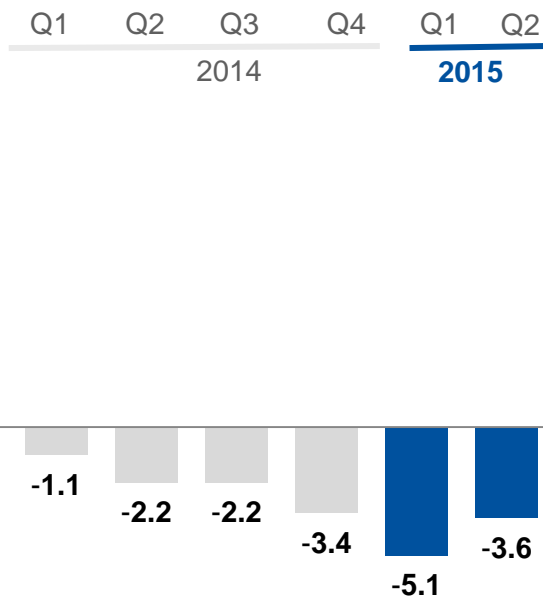
As expected, volumes and the price mix improved quarter to quarter

▶ YoY change in %

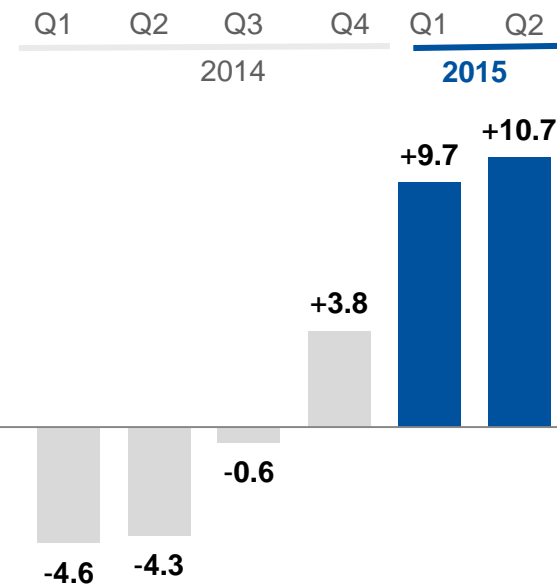
▶ Volumes



▶ Price-mix



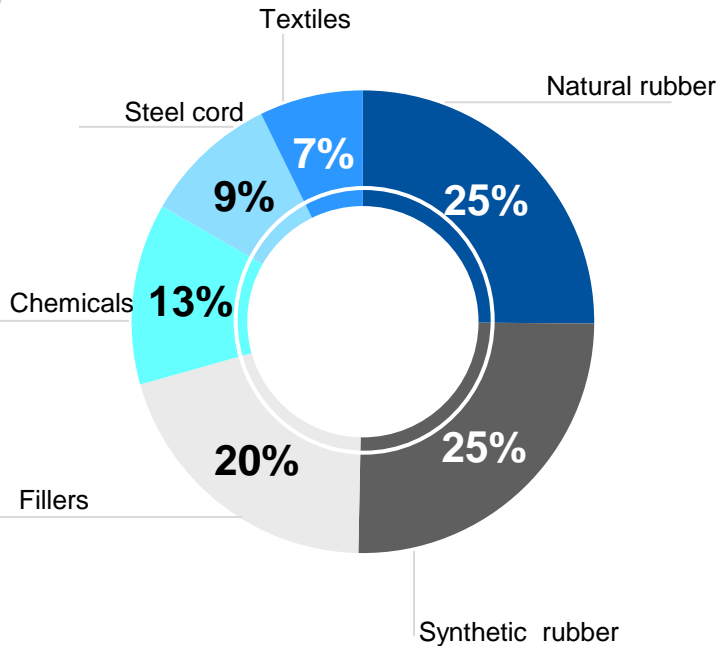
▶ Currency effect



Raw materials and price trends in H1 2015

► Raw material purchases in H1 2015

(€2,414m)

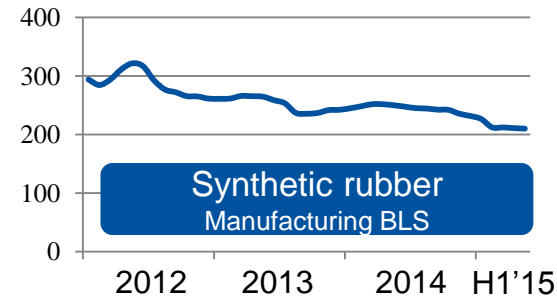
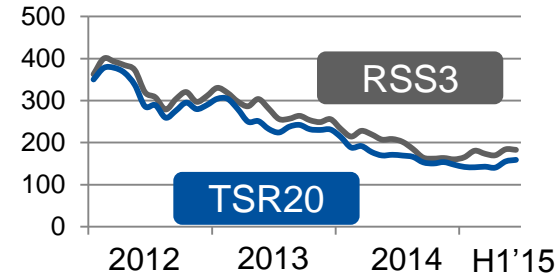
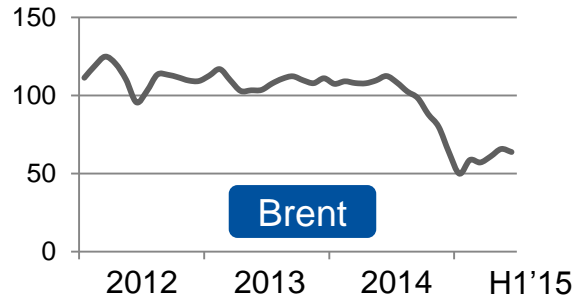


Exchange rate €/€ :

Average H1'14 : 1.37

-18%

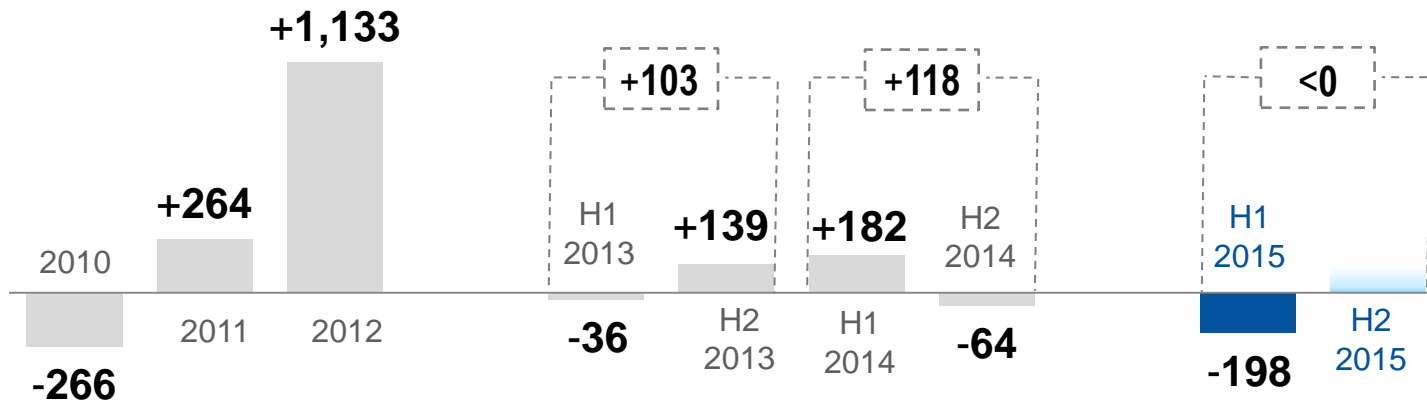
Average H1'15 : 1.12



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)



- 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

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)



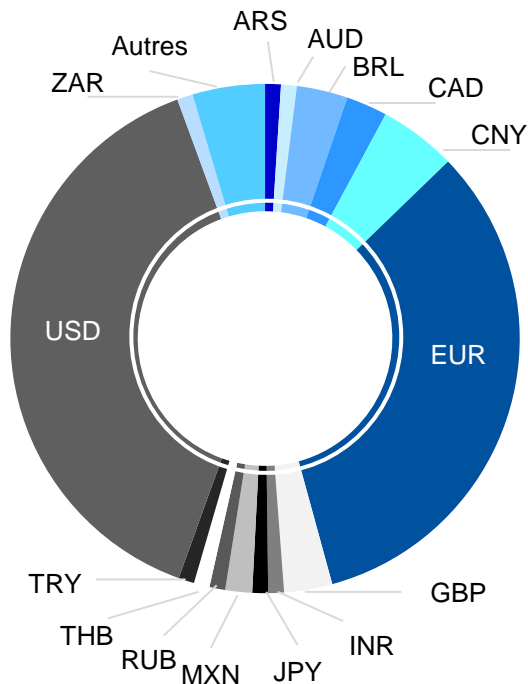
- **MICHELIN Energy™ Saver + :**

- Best recommendation Autobild 2015 (185/60R15)



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

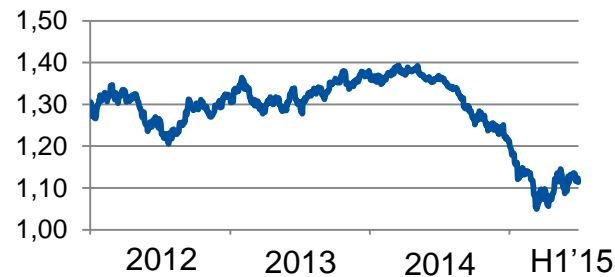
Breakdown of H1 2015 net sales by currency



% 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.

Rate Euro / USD – 12/2011 – 06/2015



Source : Thomson One

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