

MARCH 8, 2018

PARIS INDUSTRIAL DAYS

March 8, 2018 – Morgan Stanley











Paris Industrial Days



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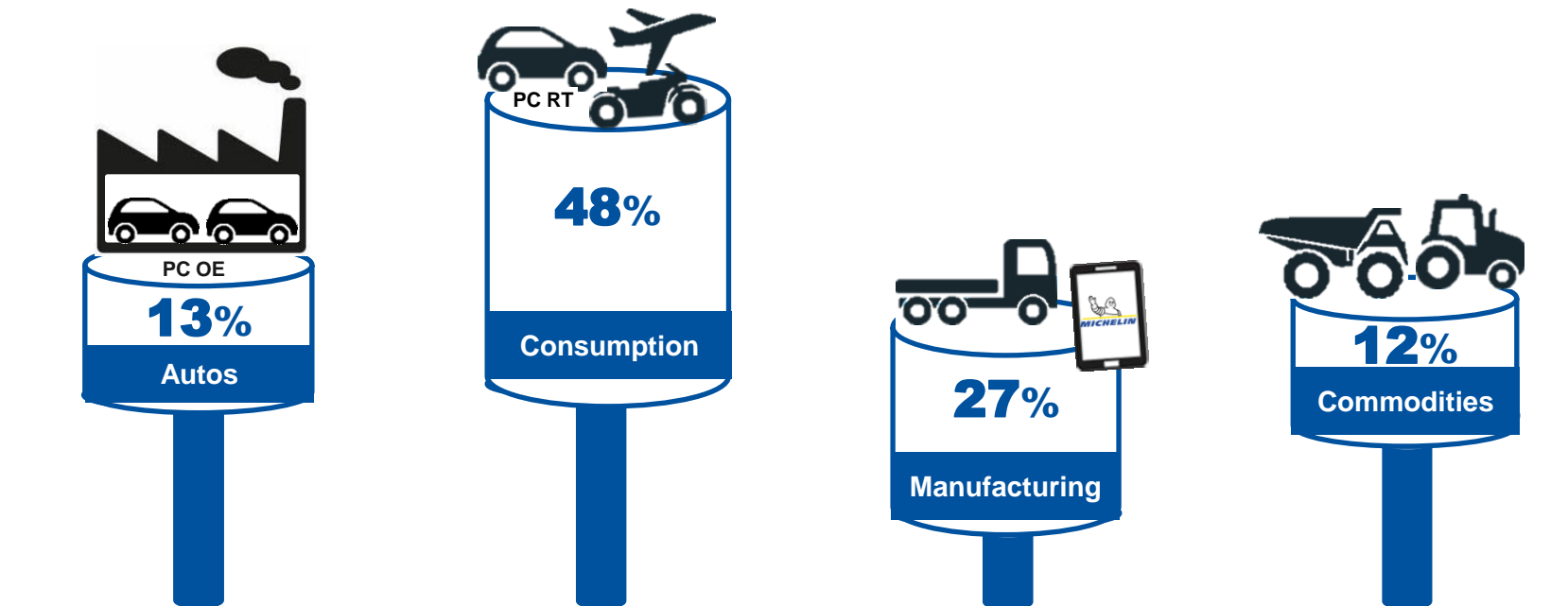
Levers for Growth

Four domains of growth: partnerships and acquisitions to support our value creation strategy

	Tires	Services	Experiences	Materials
2015-2020 objectives	Net Sales +20%	Net Sales x2	Net Sales x3	Capitalize on our leadership
Recent partnerships and acquisitions	 	  	  	 

A business model strongly linked to consumption

▲ Net sales by drivers



2017 net sales by sector

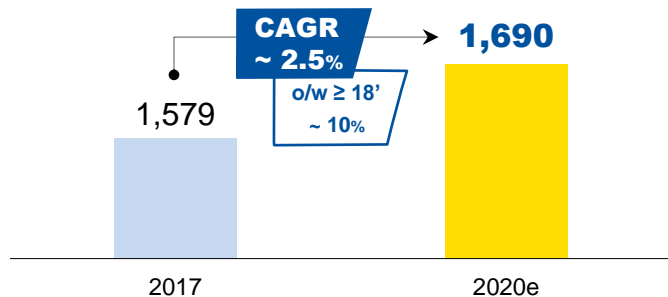


A robust reputation in the world

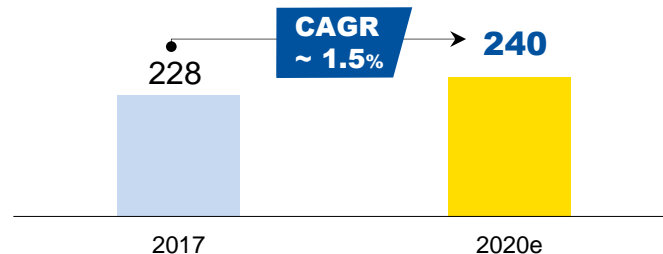


2016-2020 projections: growing worldwide demand

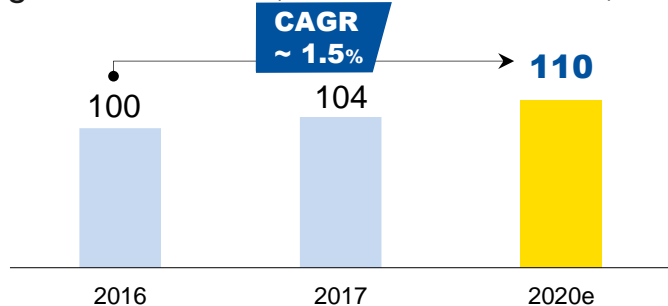
- PC OE&RT market projection (in millions of units)



- TB OE&RT market projection (Radial & Bias in millions of units)

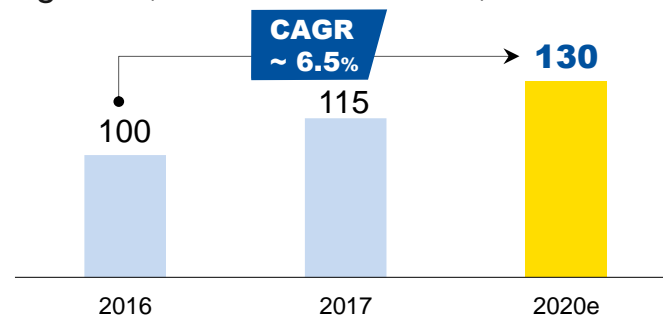


- Agricultural tires* (base 100 in 2016, in tonnes)



* OE & RT in Europe and North America

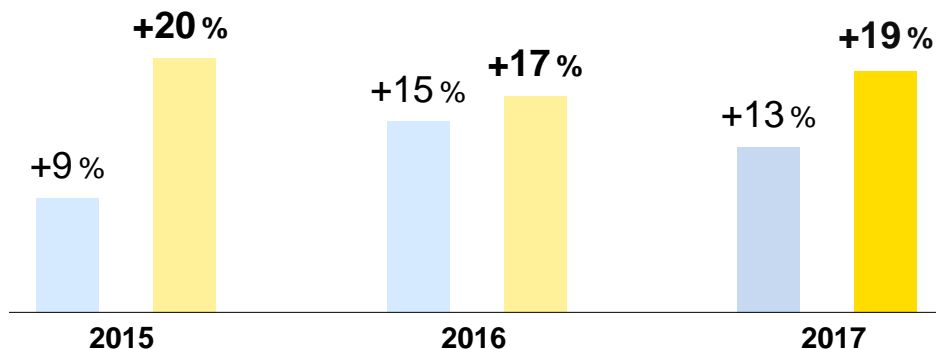
- Mining tires (base 100 in 2016, in tonnes)



≥18” tires: the market recognizes the power of Michelin’s line-up in the premium segment

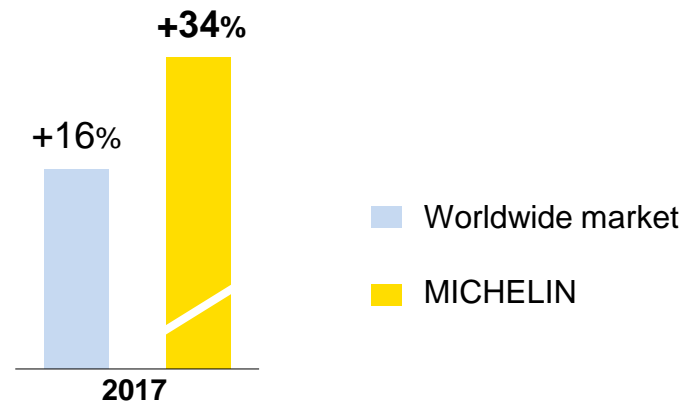
▲ Growth in ≥18” tire sales

(YoY change, markets in units and sales in kt)



▲ Growth in ≥19” tire sales

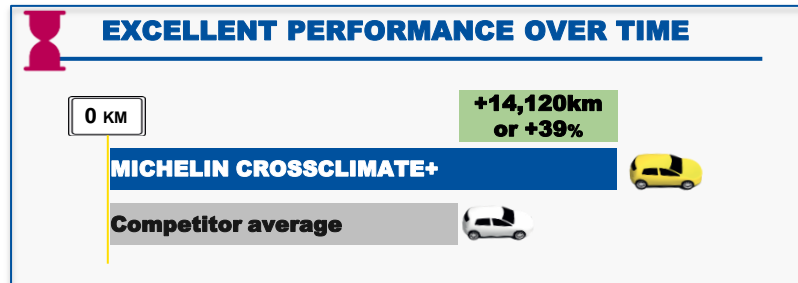
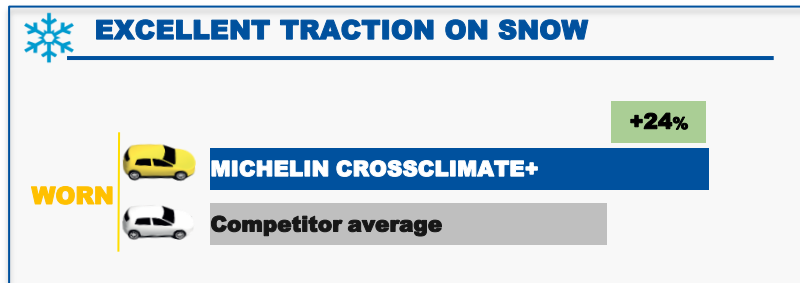
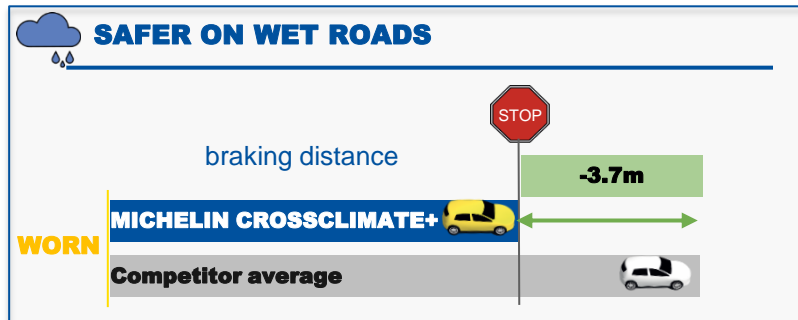
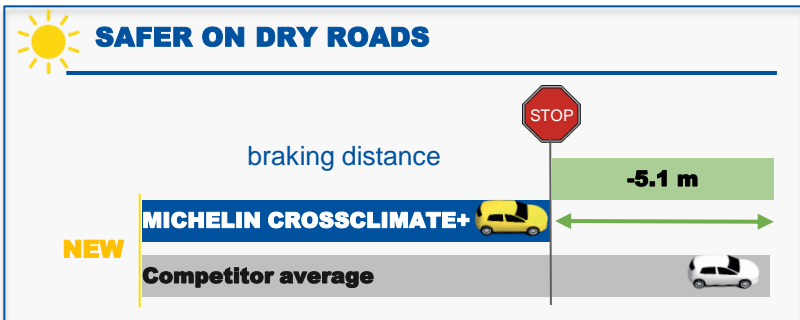
(YoY change, markets in units and sales in kt)



- Customers who value the MICHELIN brand and its product performance: price positioning in line with the reputation of the MICHELIN brand
- Sustained growth momentum, made possible by adapting production capacity

Addressing planned obsolescence: MICHELIN CrossClimate+ offers top performance regardless of new or worn tread

▲ Results of the Auto Bild all-season tire tests*, November 2017



*Comparative tests conducted by Auto Bild on 185/65 R15 tires, published on November 24, 2017. Competitors: GOODYEAR VECTOR 4S GEN-2, PIRELLI Cinturato all season, VREDESTEIN Quatrac 5, NOKIAN Weatherproof, HANKOOK Kinergy 4 S.

Scales on the graphs are adjusted to improve readability.

Leading positions with prestige automakers

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Bugatti Chiron

0-400-0 km/h in 42 seconds!

These two supercars are fitted with

MICHELIN
Pilot Sport Cup 2



Porsche GT2 RS

broke the lap record on the Nürburgring
Nordschleife circuit



FERRARI



Truck: innovative tires and solutions that meet customer needs, to drive a return to growth

MICHELIN X Multi Energy

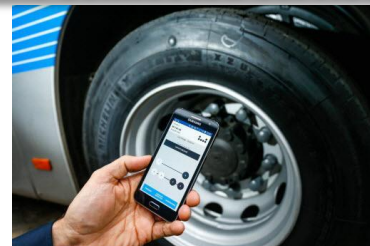
70 launches scheduled for 2018



BF Goodrich
Tires



Convoy TripleA and connected services



MICHELIN X Guard



Ashok Leyland

COPILOTO SATELITAL
una empresa del grupo Michelin



sascar
PAIXÃO PELA INOVAÇÃO



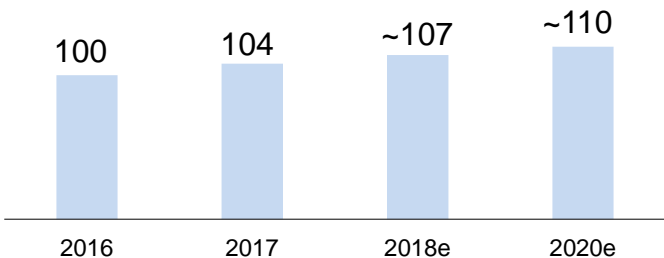
Specialty tires: customer-aligned solutions in expanding markets



MICHELIN EVOBIB
2 in 1 technology



● Agricultural tires* (base 100 in 2016, in tonnes)



*OE & RT in Europe and North America



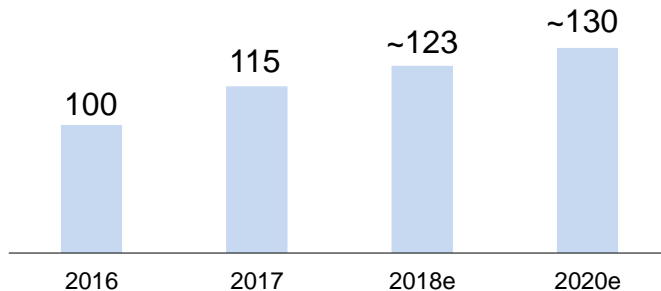
MICHELIN XDR 3



MICHELIN MEMS Evolution 4



● Mining tires (base 100 in 2016, in tonnes)



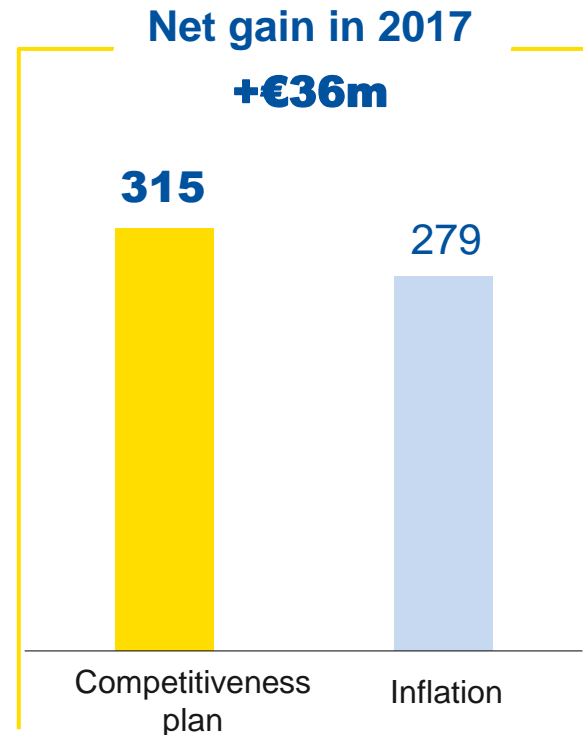
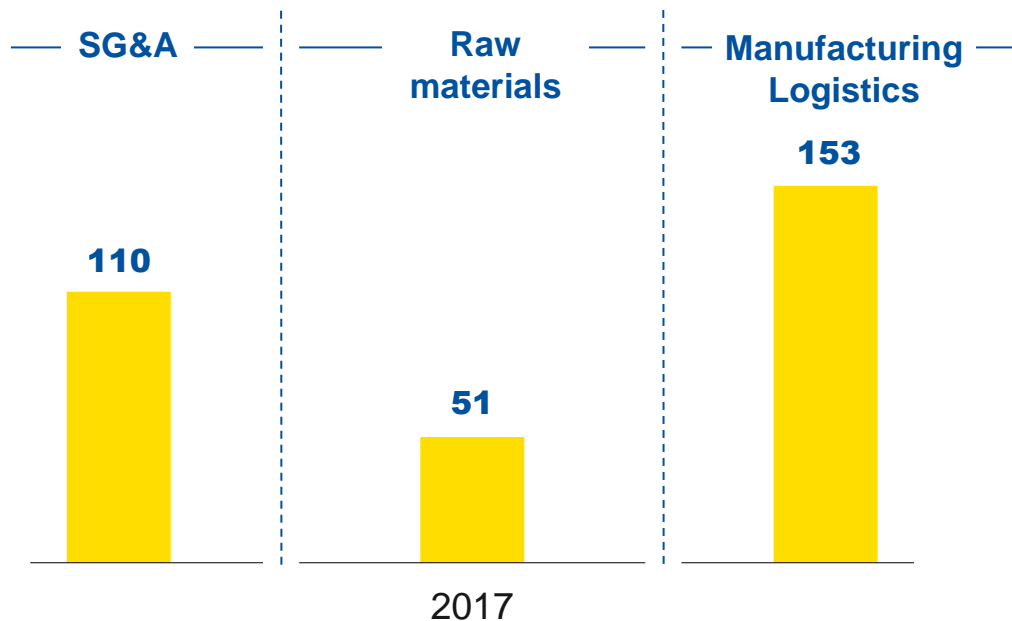


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Levers for Competitiveness

2017-2020 competitiveness plan on track to deliver targeted €1.2bn in gains

▲ Target: €300m in average annual gains*



*before inflation and including avoided costs.

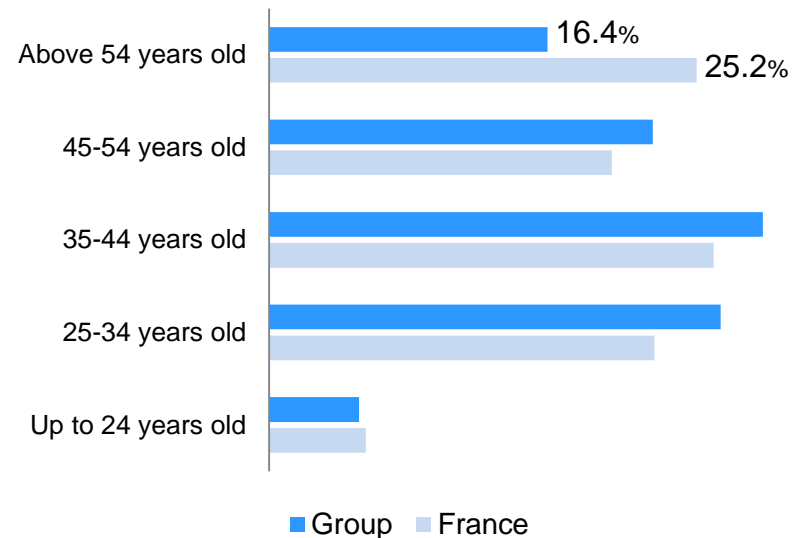
The reorganization project announced in June will enable corporate positions to be reduced by 1,420 worldwide

▲ A more agile, customer-focused Group capable of unleashing all its power

- Leverage the age pyramid:
 - 3,500 employees retiring in France and the United States between 2018 and 2021
- Optimize hiring:
 - 2,080 new hires in France and the United States between 2018 and 2021



● Age pyramid, Group and France*



* Manufacture Française des Pneumatiques Michelin

Investing to create value

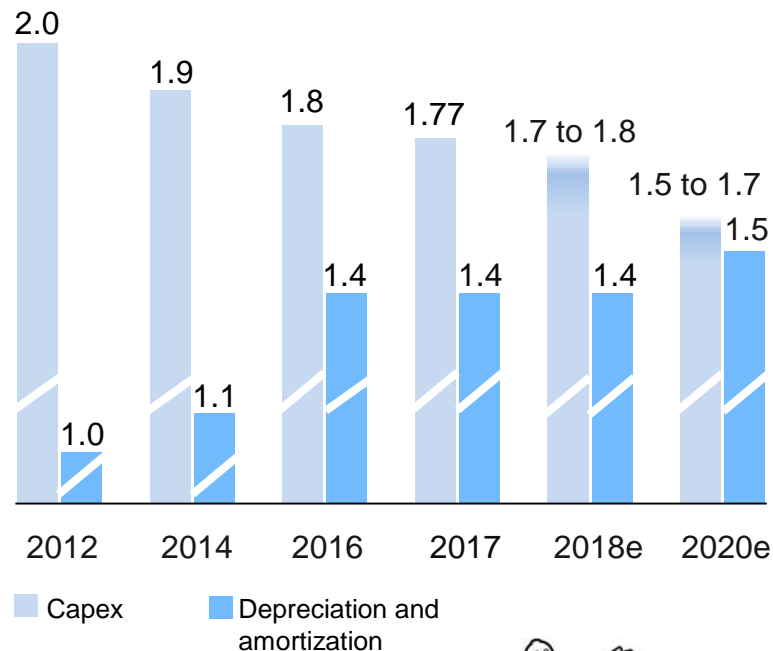
▲ Successfully deploy our priority Capex and M&A projects to drive expansion:

- In growing markets: Premium PC, North America and Asia
- In digital services
- In the dealerships
- In high-tech materials



▲ Closing the gap between Capex and depreciation:

(in € billions, at current exchange rates)



Optimizing Working Capital Requirements

- Inventory:

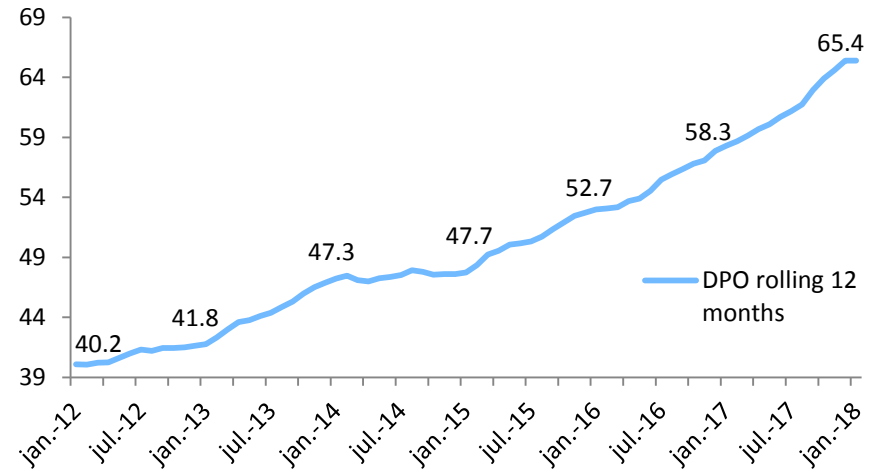
- At least a €250m reduction expected from OPE by 2020 from 2016

- Receivables:

- From 13% to 14% of Net sales

- Payables:

- Further improvement through terms of payment and reverse factoring



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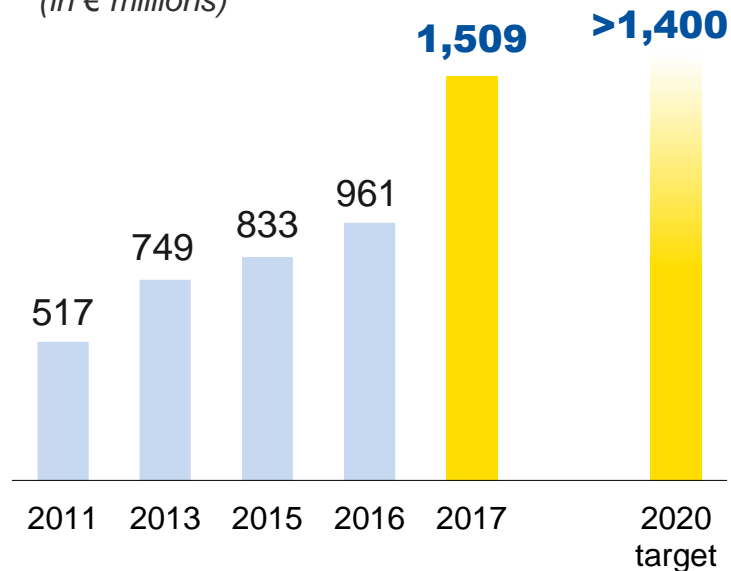


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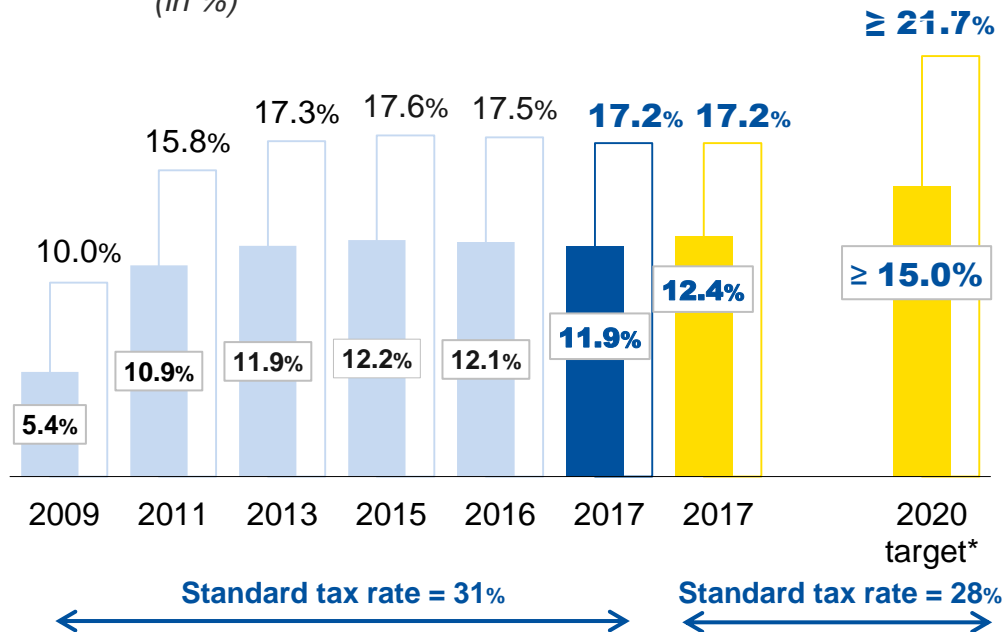
Ambition for Profitability

2018: on the road to our 2020 objectives

▲ Deliver structural FCF > €1,400m
as from 2020
(in € millions)

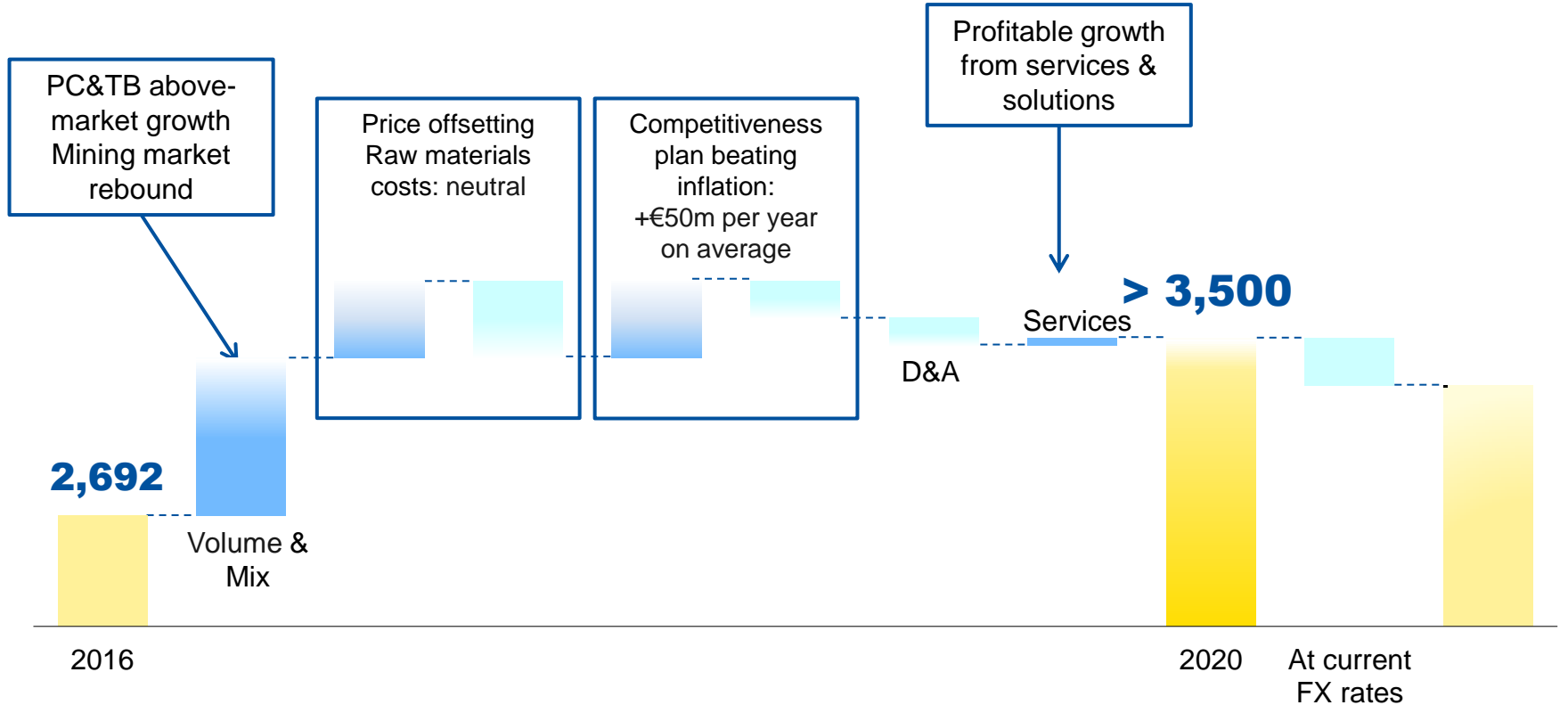


▲ Deliver an after-tax ROCE ≥ 15%
as from 2020
(in %)



*at constant scope of consolidation excluding goodwill

2016-2020 organic scenario: profitability levers



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**2017, another year of progress,
in line with the 2020 objectives**

2017: another year of progress, in line with the 2020 objectives and the expected scenario

	H1 2017	H2 2017	2017 actual	2016
Volumes	+3.6%	+1.6%	+2.6%	+2.1%
Price mix	+1.4%	+4.9%	+3.2%	-1.8%
Operating income from recurring activities	-49	+194	€2,742m up €145m at constant exchange rates	€2,692m
Structural FCF	N/A	N/A	€1,509m	€961m

Strong €1.5bn in structural FCF and €145m increase in operating income* at constant exchange rates

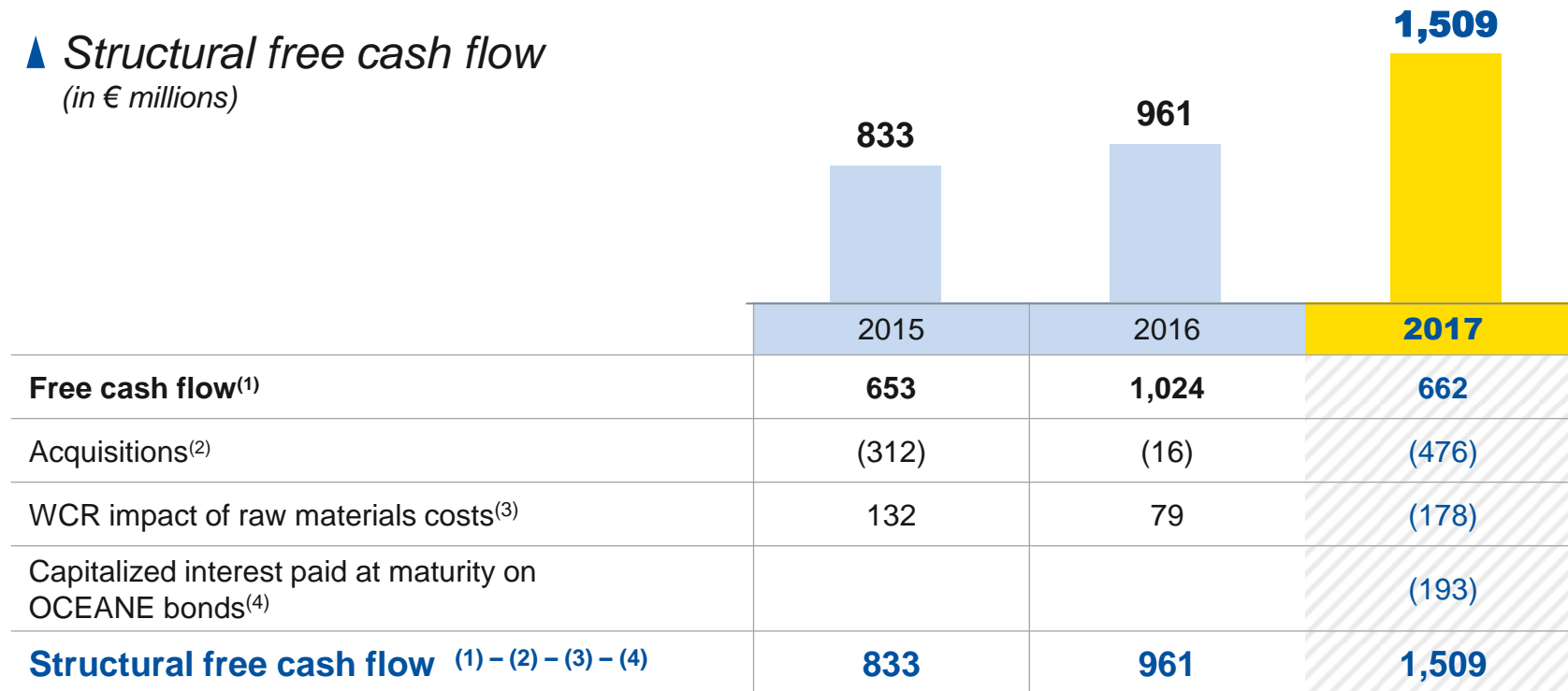
- Strong structural free cash flow of €1.5bn
- €2,742m in operating income*, offsetting the more than €700m increase in raw materials costs and nearly €100m negative currency effect
 - Determined Group strategy to offset the more than €700m increase in raw materials costs, resulting in a neutral impact versus raw materials headwind on the non-indexed businesses
 - Sustained market share gains in ≥18” tires (MICHELIN brand sales up 19% in a segment up 13%), with a price positioning in line with the brand reputation
 - Competitiveness plan gains exceeded inflation by €36m, in line with objectives
 - Highly competitive markets, especially in Europe, which are weighing on the dealership operations
- Specialty businesses: operating income* up more than 30% and strong growth across every division
- €1,693m in net income, a historic high
- Proposed dividend of €3.55** per share, representing a payout of 36% of consolidated net income excluding non-recurring items

**from recurring activities*

***subject to shareholder approval at the Annual Meeting on May 18, 2018*

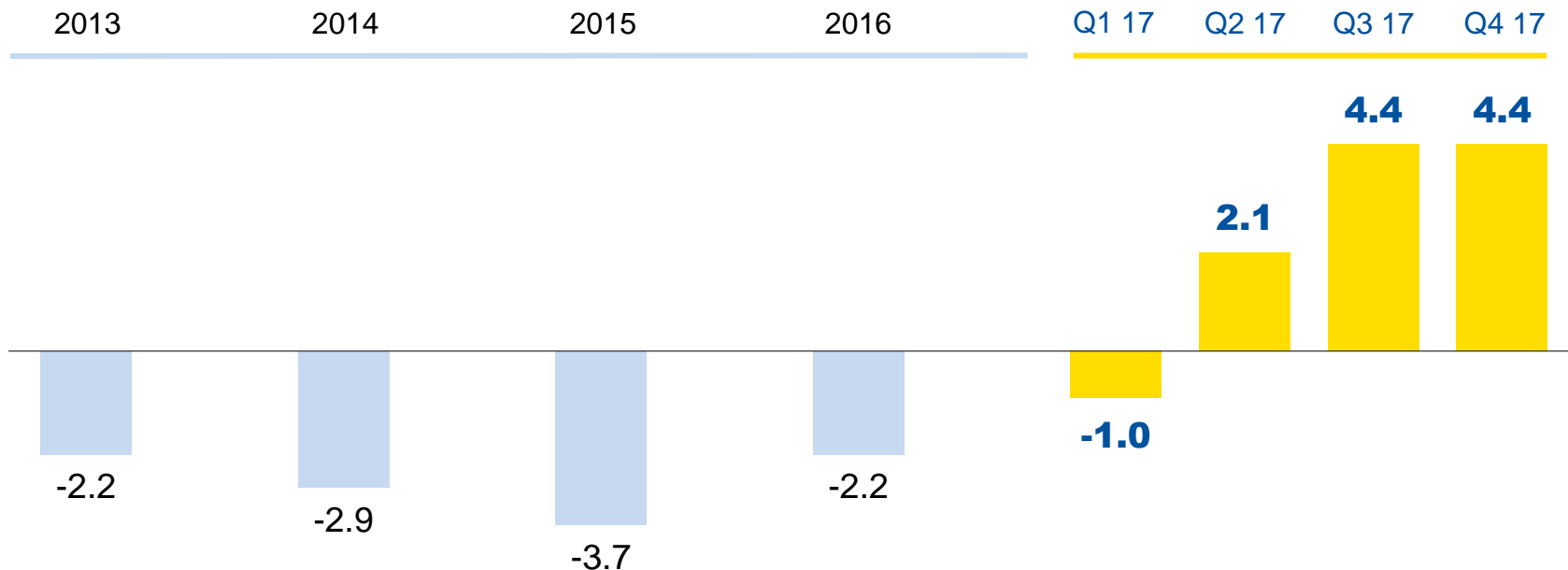
A business that structurally generates free cash flow, supported in 2017 by WCR monitoring

▲ *Structural free cash flow*
(in € millions)



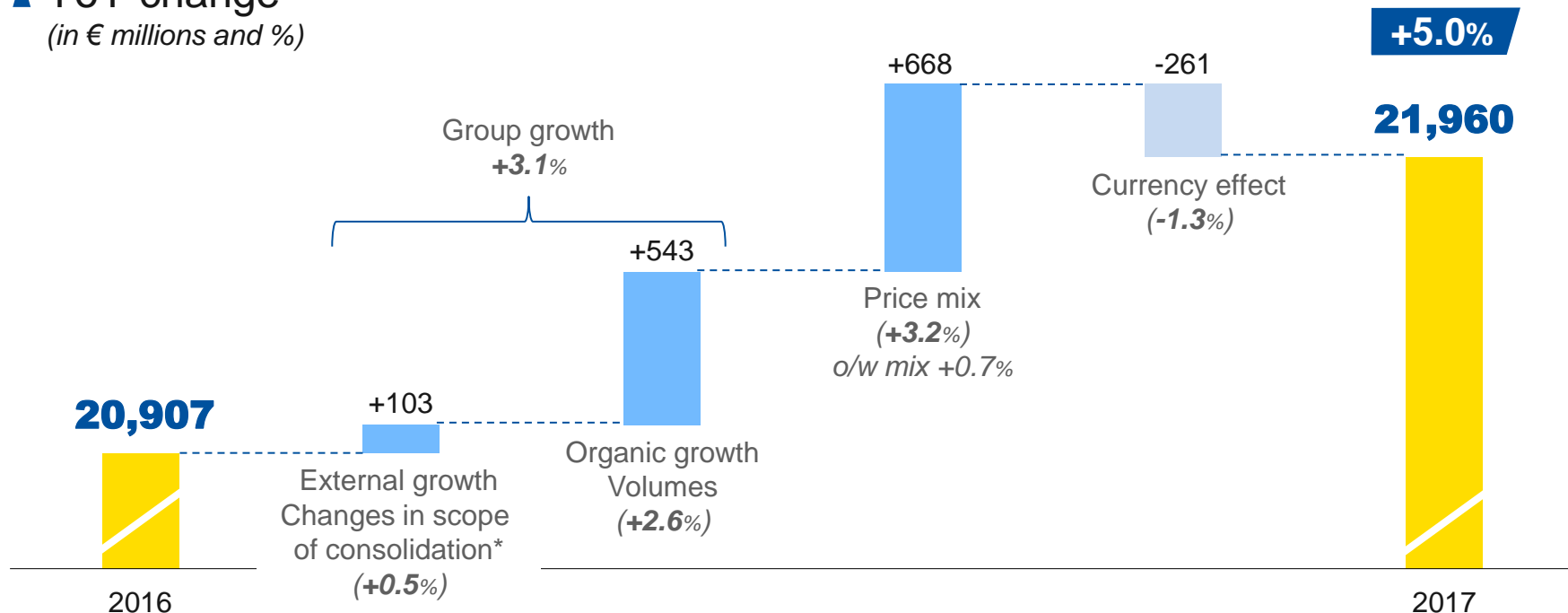
Still strong price effect in Q4, as announced, led by RT price increases and the application of indexation clauses

▲ (as a % of net sales)



Net sales supported by growth in volumes and price increases

▲ YoY change
(in € millions and %)

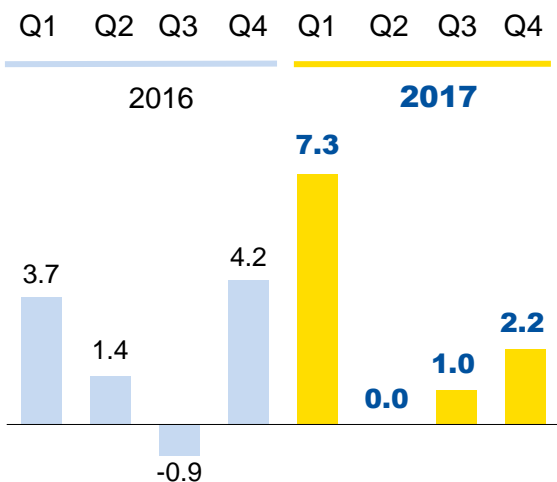


*Levorin, NexTraq

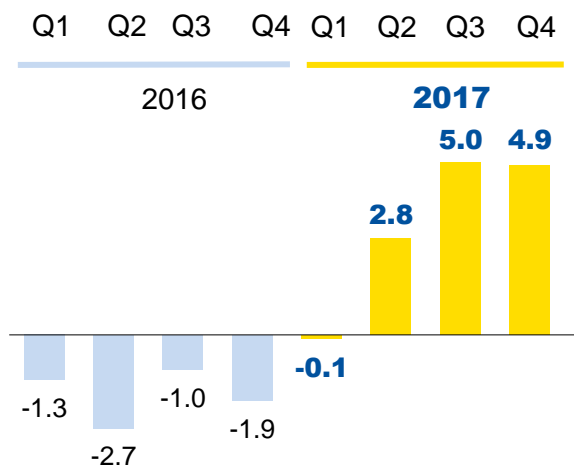
Q4: Still robust price mix with higher volumes

▲ YoY quarterly change 2017/2016
(in %)

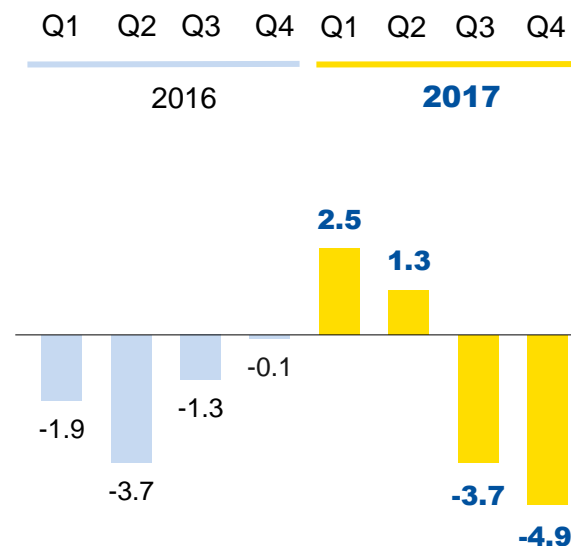
Volumes



Price mix

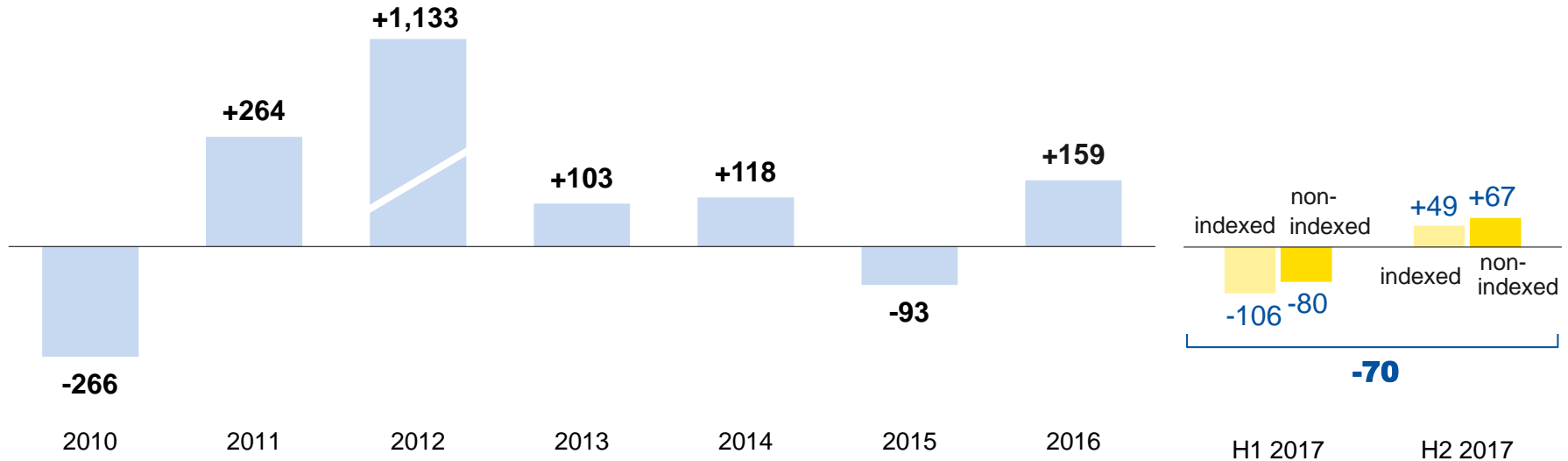


Currency effect



An assertive pricing policy, as announced

▲ Net impact of price mix and raw materials prices on operating income*
(in € millions)

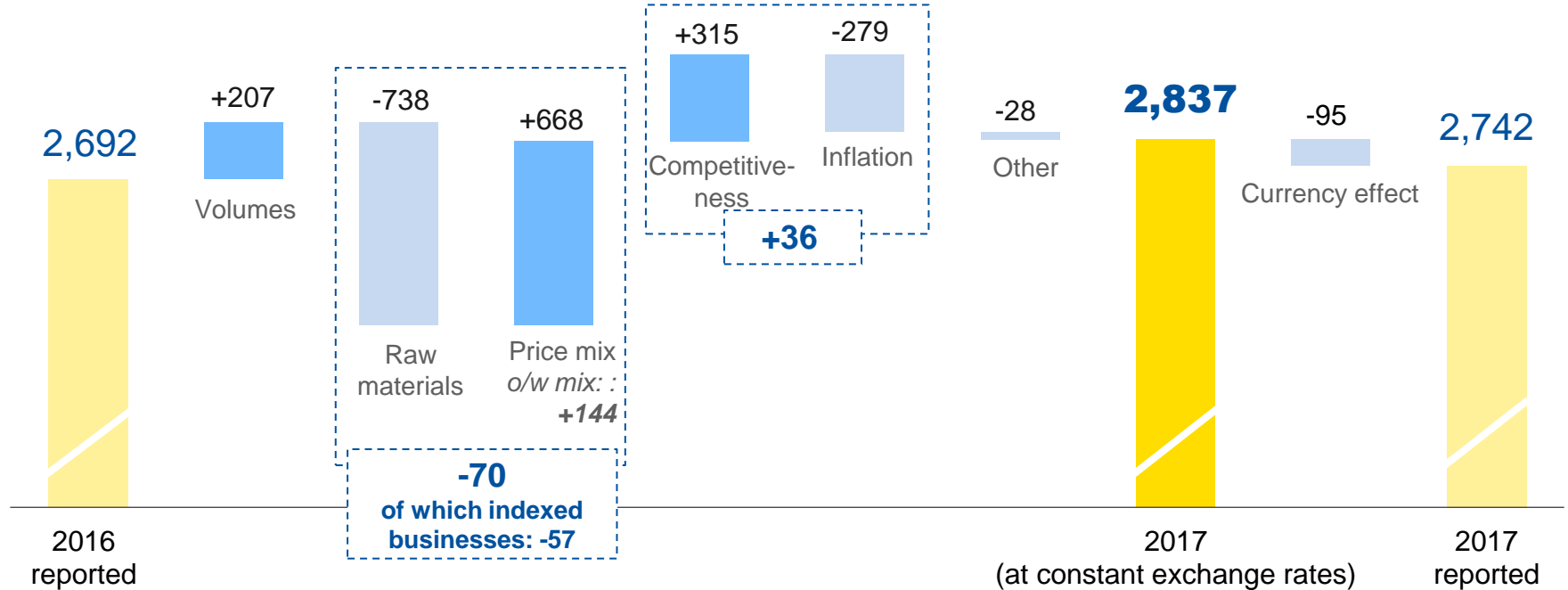


- 2017: Net negative €57m impact of price mix and raw materials prices on indexed businesses

*from recurring activities




€2,837m in operating income* at constant exchange rates, led by volume gains, in line with the Group's roadmap

▲ YoY change in operating income* (in € millions)



*from recurring activities

2017 saw a strong rebound in the Specialty businesses

<i>(in € millions)</i>		2017	2016	Variation
	RS1 Net sales Operating income* Operating margin*	12,479 1,552 12.4%	12,105 1,585 13.1%	+3% -2% -0.7 pts
	RS2 Net sales Operating income* Operating margin*	6,123 497 8.1%	5,966 580 9.7%	+3% -14% -1.6 pts
	RS3 Net sales Operating income* Operating margin*	3,358 693 20.6%	2,836 527 18.6%	+18% +31% +2 pts

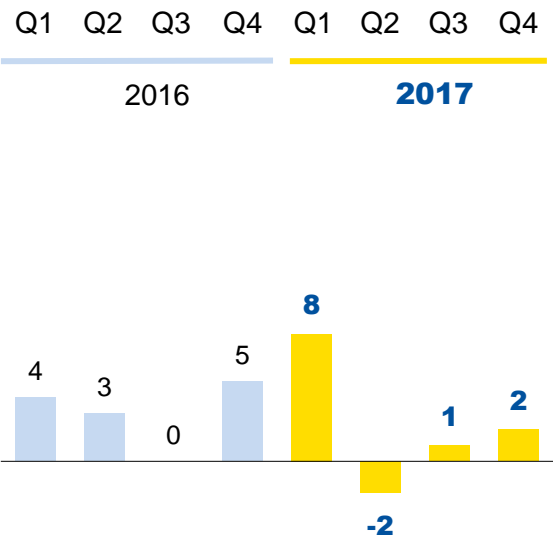
- RS1 offset the impact of RM prices and currency movements, neutral impact from changes in price mix and RM prices in RS2, remarkable improvements in RS3

*from recurring activities

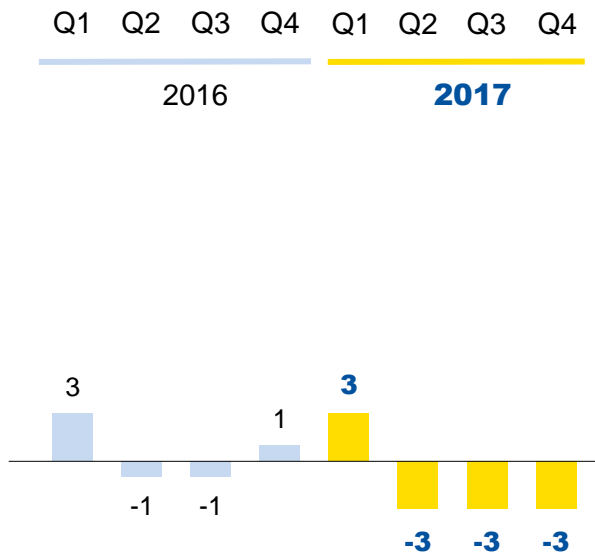
Q4 volumes: good performance in PC in a cooling market and brisk gains in Specialty tires off of rebounding comparatives

▲ YoY quarterly change in volumes (in % and tonnes)

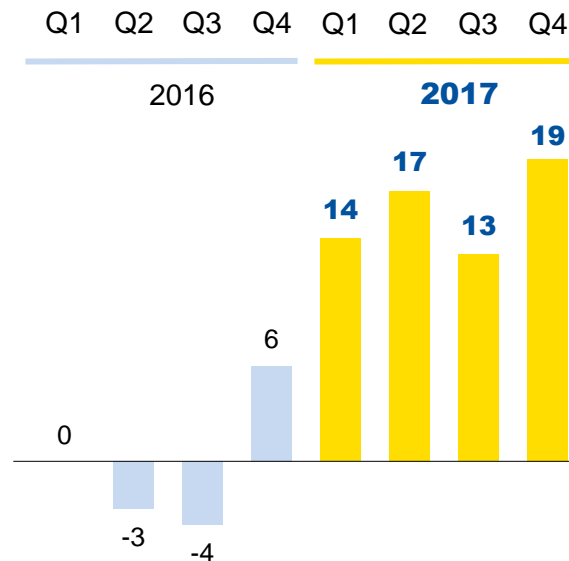
Passenger car tires*



Truck tires*



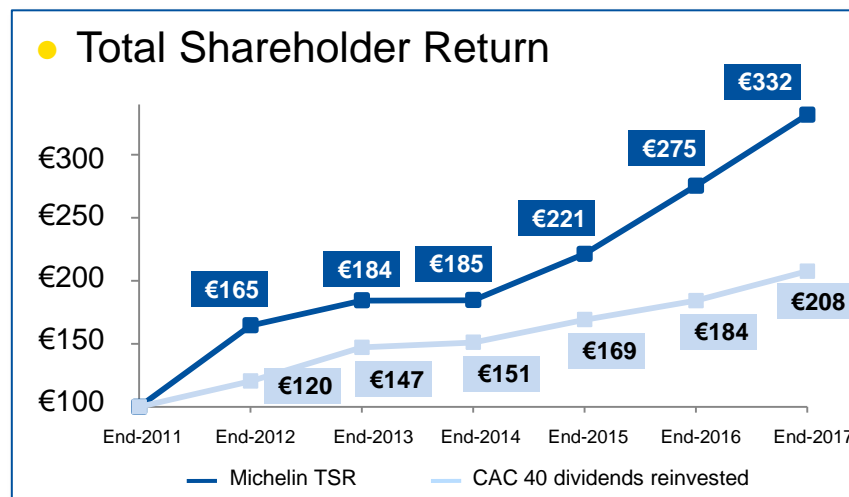
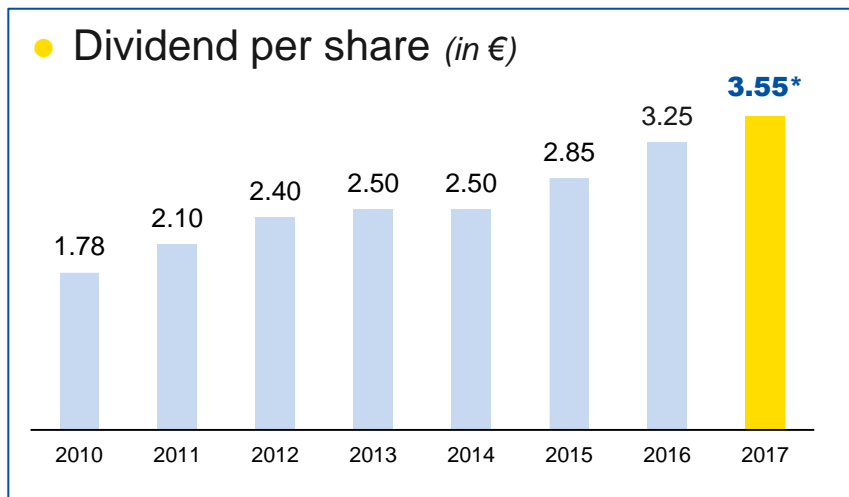
Specialty tires



*and related distribution

Sustained shareholder return policy: dividends and share buybacks

- 2017 dividend: €3.55* per share, representing a payout ratio of 36%**
- Share buyback programs
 - 2015-2016: €750m committed and cancellation of 4.5% of outstanding shares
 - 2017: €101m committed and cancellation of 0.5% of outstanding shares
 - 2018 : €75m program to offset the dilution from share-based compensation



*subject to shareholder approval at the Annual Meeting on May 18, 2018 - ** of consolidated net income excluding non-recurring items



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2018 Outlook

2018 markets: demand down in Q1 from high prior-year comparatives, before picking up in Q2 and beyond



PASSENGER CAR: +1.5%/+2.5%

- Strong demand stabilizing in the mature markets
- Still buoyant demand in China
- Trending upwards in the other regions



TRUCK: +0%/+1%

- Freight demand buoyed by the global economy
- OE: demand outside China leveling off; steep falloff in China following new 2016 legislation
- RT: demand lifted by a favorable economic environment



SPECIALTY : +5%/+7%

- Mining tires: sustained strong demand, led by 5-10% growth in the global economy
- OE Earthmover + OE Agricultural tires: steady positive trend

2018 guidance: on the road to our 2020 objectives

	2018
Volumes	Growth in line with the markets
Operating income from recurring activities at constant exchange rates	> 2017
Structural FCF	> €1,100m

2018 scenario*

	2018
Impact from raw materials costs	A negative €50-100m
Currency effect	Approx. a negative €300m based on January 2018 rates**
Impact of US tax reform on the effective tax rate	Standard ETR reduced to 28%***
Net impact of price mix and raw materials prices	Positive
Competitiveness plan gains vs. inflation	Positive

*2018 average prices: Natural rubber: \$1.86/kg; butadiene (US and Europe): \$1,176/t; Brent: \$65/bbl; EUR/USD: 1.21

**see slide 40

***based on currently available information

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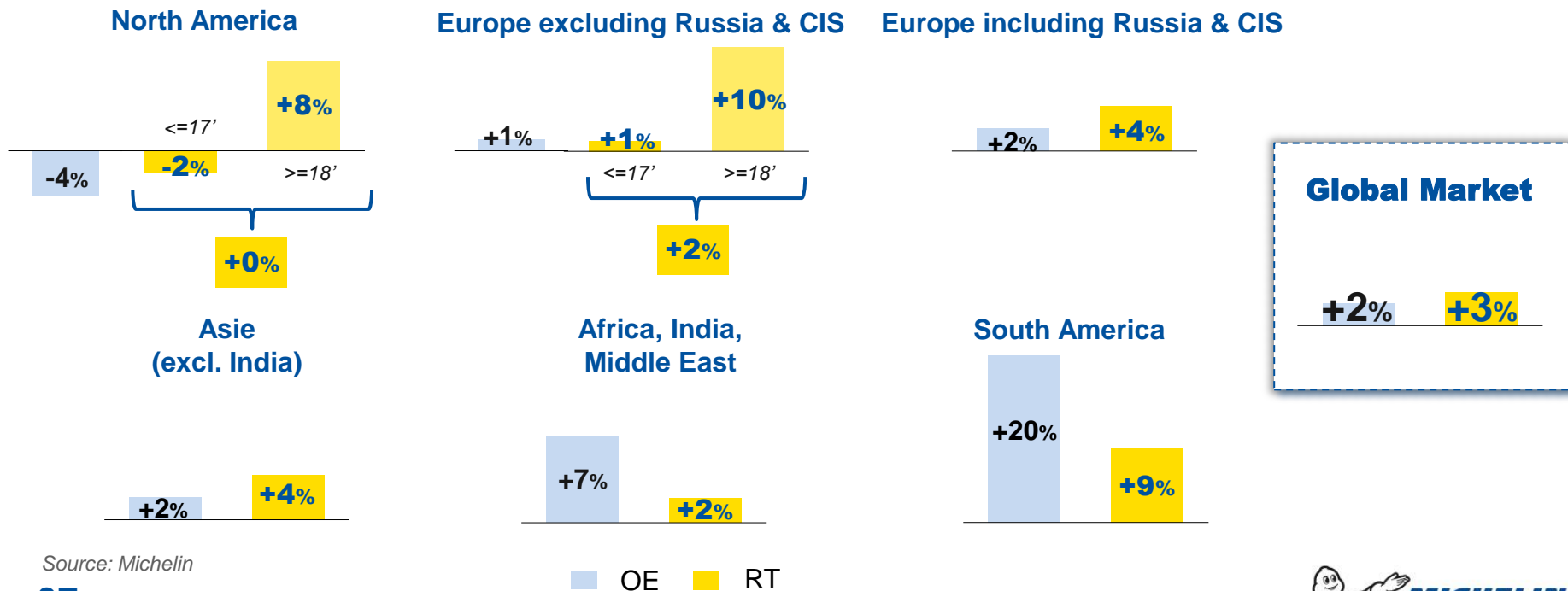


Appendices

PC: Sustained OE demand worldwide except in North America; RT markets led by early buying in Q1



▲ Passenger car tire market in 2017 (% change YoY, in number of tires)

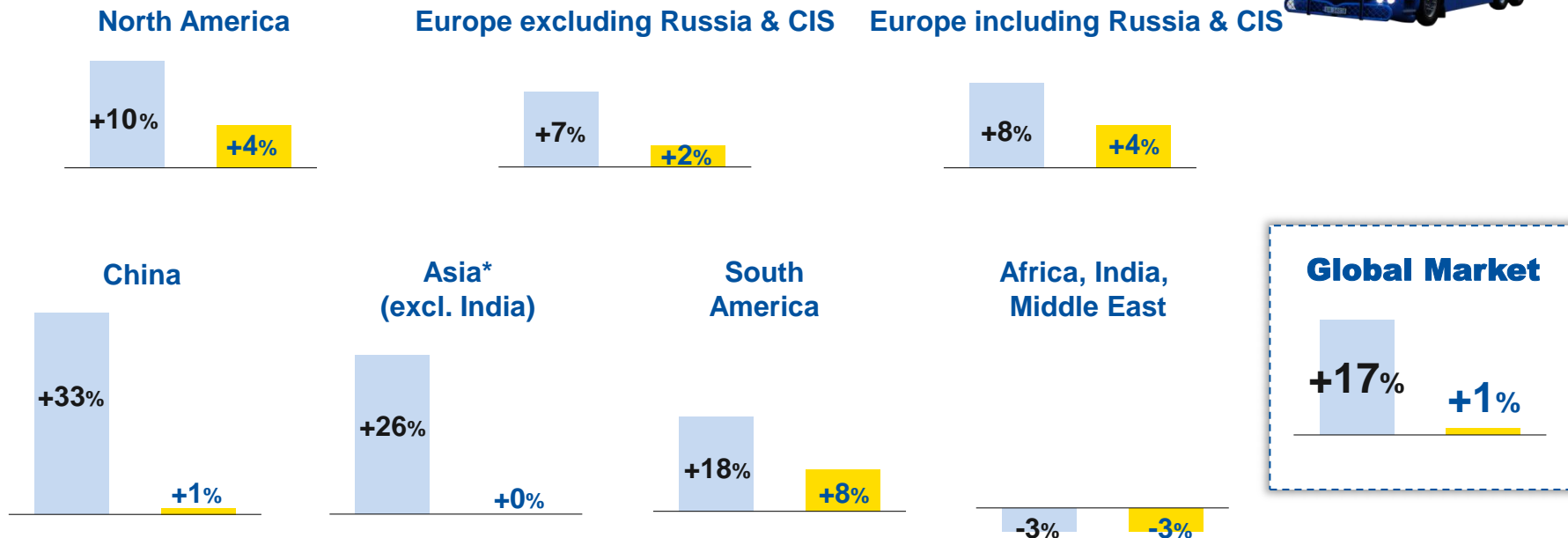


Source: Michelin

Truck: in a favorable economic environment, robust OE demand and a surge in early buying in Q1



▲ Truck and bus tire markets in 2017 (% change YoY, in number of tires)



*including China
Source: Michelin

■ OE ■ RT

2017 net sales by currency and EBIT impact

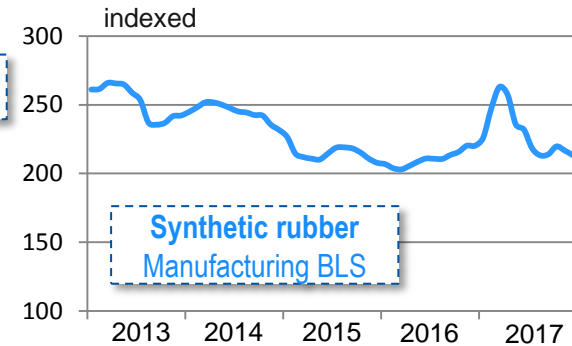
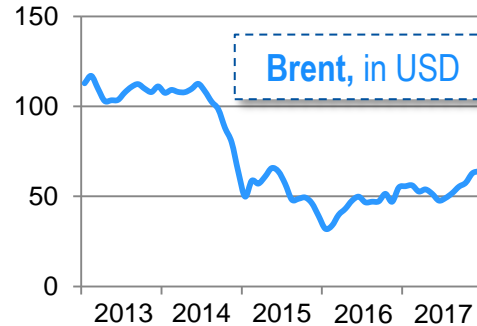
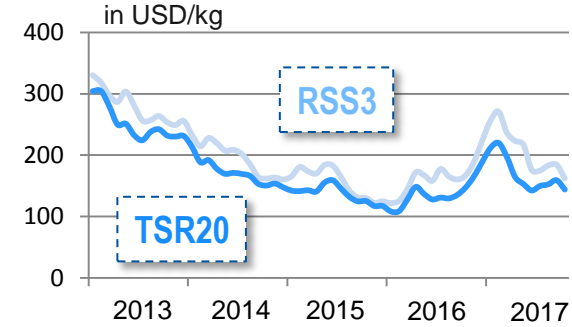
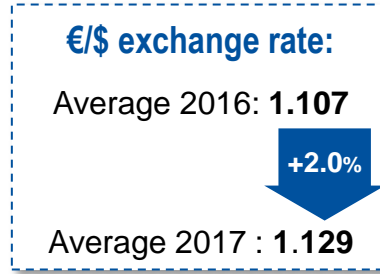
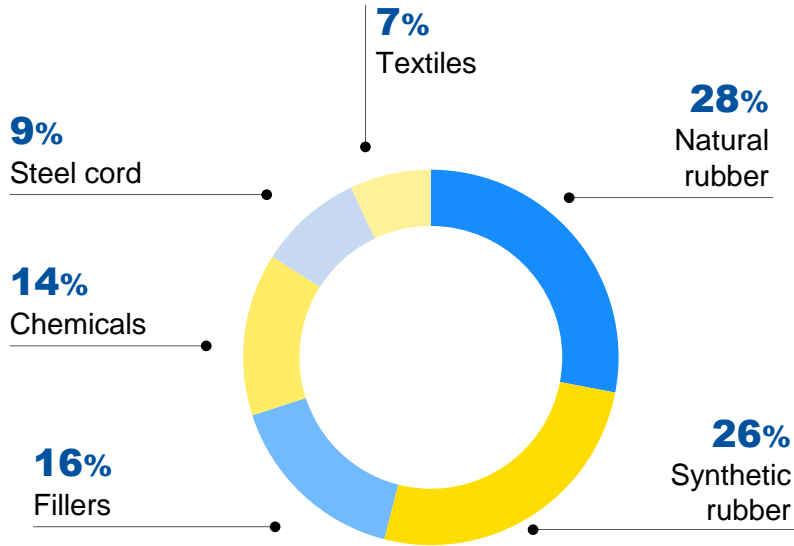
	% of net sales		2017 FY € change vs. currency	Droptrough Net sales/EBIT*
	ARS	1%	+14%	80% - 85%
	AUD	2%	-1%	80% - 85%
	BRL	4%	-6%	-20% / - 30%
	CAD	3%	-0%	25% - 30%
	CNY	6%	4%	25% - 30%
	EUR	34%	NA	-
	GBP	3 %	+7%	25% - 30%
	INR	1%	-1%	25% - 30%
	JPY	1%	+5%	80% - 85%

	% of net sales		2017 FY € change vs. currency	Droptrough Net sales/EBIT*
	MXN	2%	+3%	25% - 30%
	PLN	1%	-2%	25% - 30%
	RUB	1%	-11%	25% - 30%
	THB	1%	-2%	-100% / -130%
	TRY	1%	+23%	80% - 85%
	TWD	1%	-4%	80% - 85%
	USD	37%	+2%	25% - 30%
	Other	1%		80% - 85%

*actual droptrough linked to the export/manufacturing/sales base

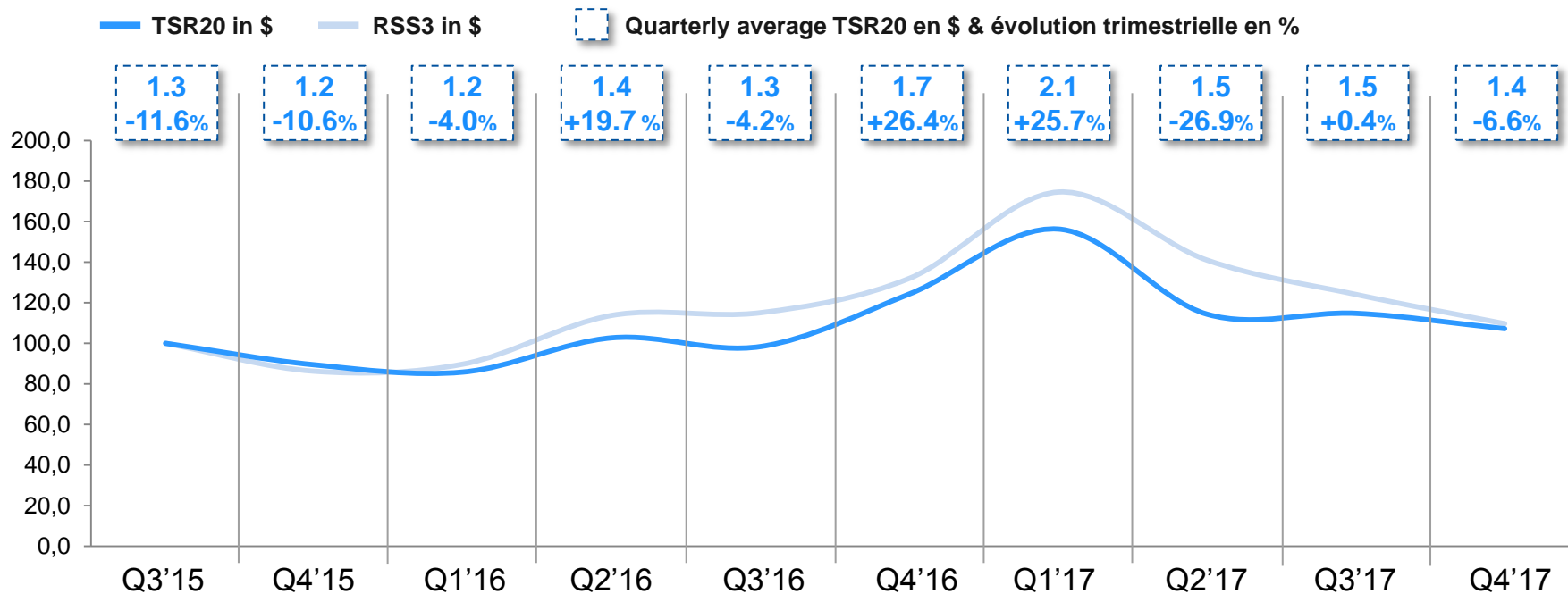
Raw materials in 2017

▲ Raw material purchases in 2017 (€5.2bn)



Natural Rubber price trend

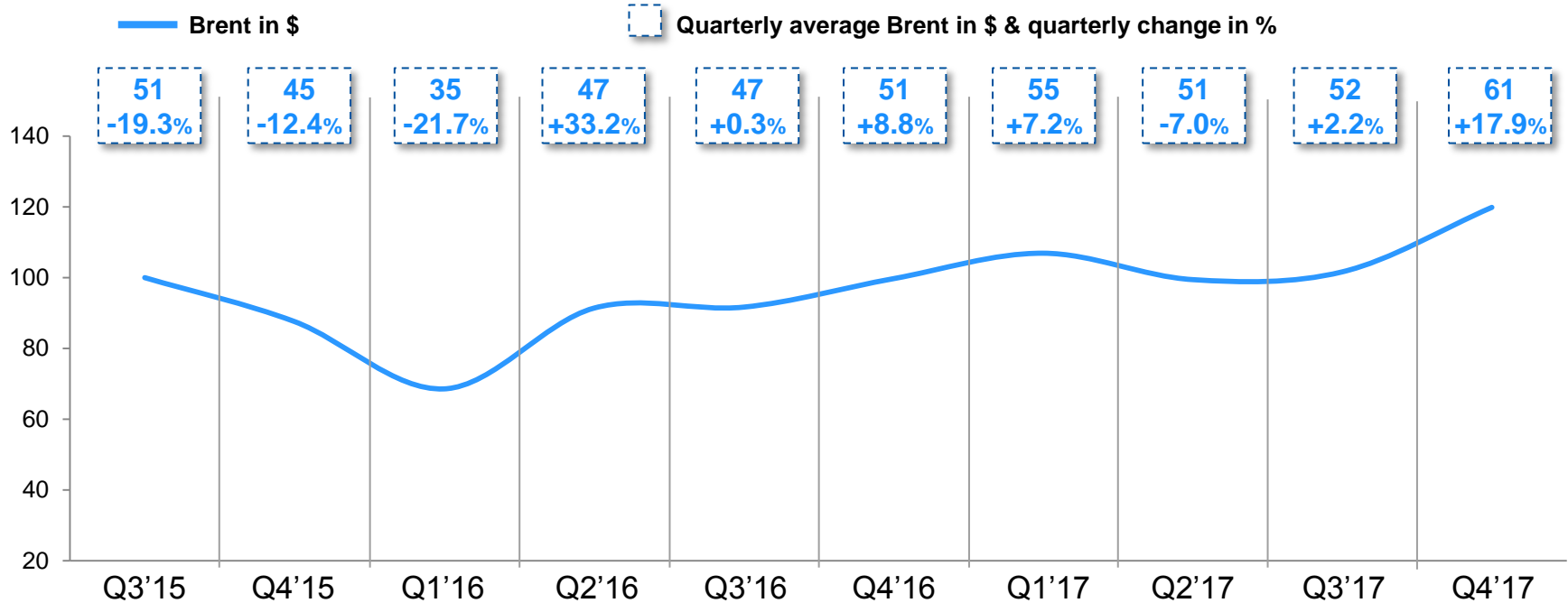
▲ At end of December 2017 (per kg, base 100 in Q3'15)



Source: SICOM

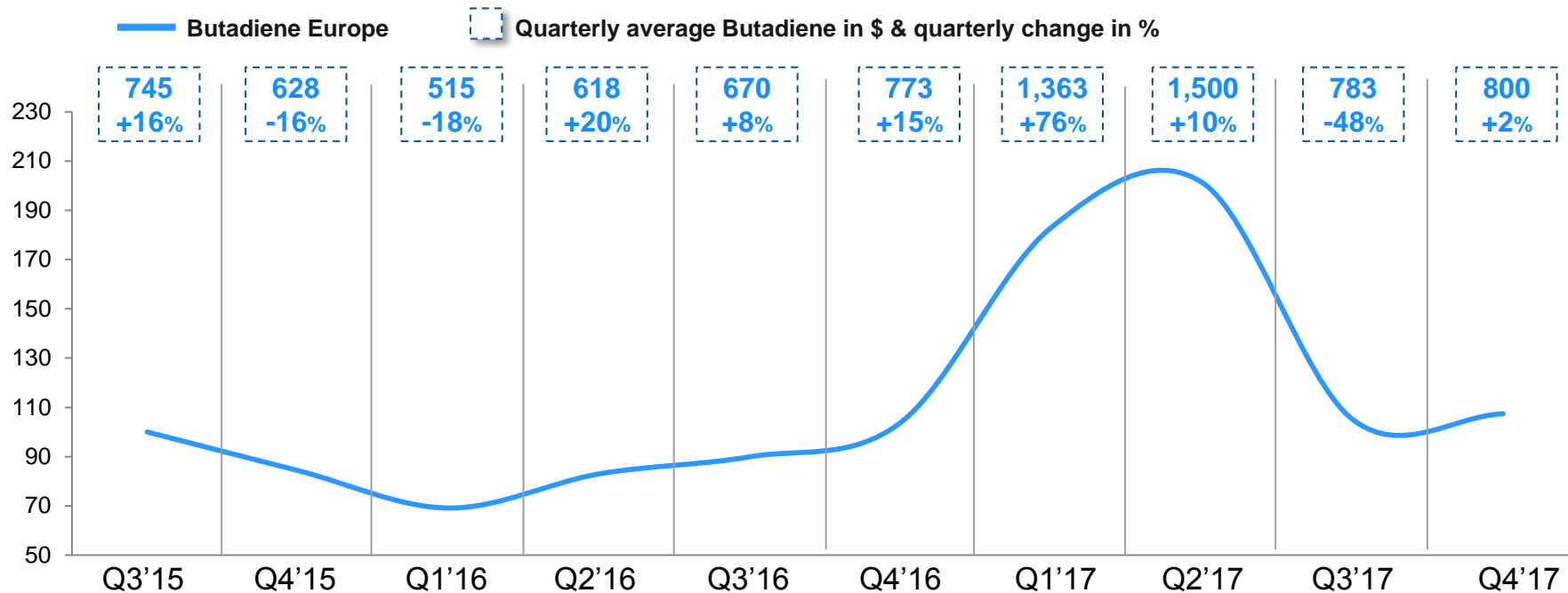
Brent price trend

▲ At end of December 2017 (per barrel, base 100 au Q3'15)



Butadiene price trend

▲ At end of December 2017 (per ton, base 100 in Q3'15)

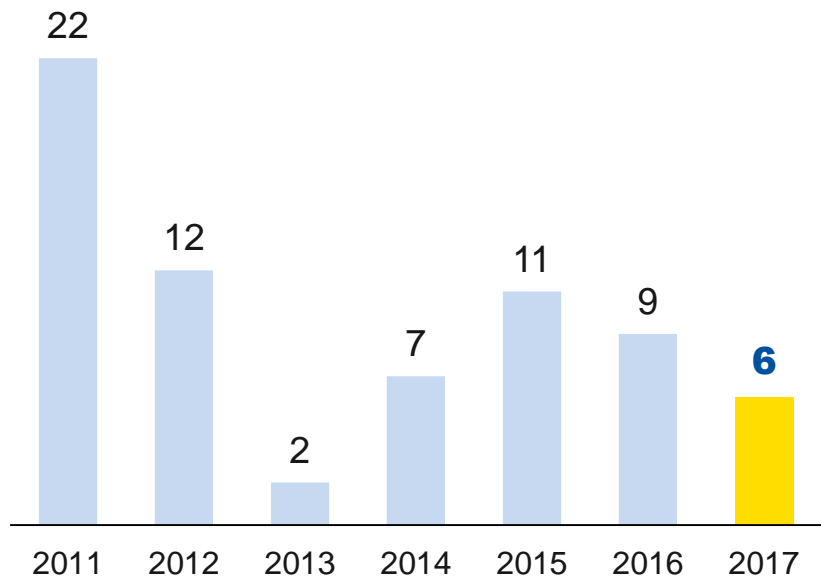


Source: IHS

A robust balance sheet after the share buybacks, confirmed by the rating agencies

▲ Gearing

Net debt/equity, in %



▲ Solid long-term ratings

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

Outstanding bond issues (as of February 9, 2018)

Issuer	MICHELIN Luxembourg	Compagnie Générale des Etablissements MICHELIN	MICHELIN Luxembourg	Compagnie Générale des Etablissements MICHELIN	MICHELIN Luxembourg	MICHELIN Luxembourg
Issue Type	Senior Note Bond	Senior Note Convertible	Senior Note Bond	Senior Note Convertible	Senior Note Bond	Senior Note Bond
Principal Amount	€ 400 mn	\$ 500 mn + TAP \$100 mn	€ 300 mn	\$ 600 mn	€ 300 mn	€ 302 mn
Offering price	99,912%	100% & 103,85%	99,967%	95,50%	99,081%	98,926%
Rating corporation at Issuance date	BBB+ (S&P) Baa1 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)
Current coporation rating	A- (S&P) ; A3 (Moody's) ; unsolicited A- (Fitch)					
Coupon	2,75% p.a	ZERO Conv premium 128%	1,125% p.a	ZERO Conv premium 130%	1,75% p.a	3,25% p.a
Issue Date	11-juin-12	05/jan/2017 & 25/apr/2017	19-mai-15	05/jan/2018	19-mai-15	21/sep/2015 & 27/sep/2016
Maturity	20-juin-19	10-janv.-22	28-mai-22	10-nov.-23	28-mai-27	30-sept.-45
Interest payment	Annual June 20	N/A	Annual May 28	N/A	Annual May 28	Annual Sept 30
ISIN	XS0794392588	FR0013230745	XS1233732194	FR0013309184	XS1233734562	XS1298728707
Denomination	€ 1'000 with min. tradable amount € 1'000	\$ 200'000 with min. tradable amount \$ 200'000	€ 1'000 with min. tradable amount € 1'000	\$ 200'000 with min. tradable amount \$ 200'000	€ 1'000 with min. tradable amount € 1'000	€ 1'000 with min. tradable amount € 1'000

Acquisition of Lehigh Technologies

- A specialty materials company
- Patented cryogenic turbo mill technology to transform rubber from end-of-life tires and industrial goods into materials for new tires and other products
- Micronized Rubber Powders: low-cost, high-performance, sustainable material that substitutes for other oil- and rubber-based materials used in manufacturing tires, plastics, asphalt and construction materials.
- Purchase extends Michelin's materials expertise beyond tires, demonstrates strategic high-technology applications for end-of-life tires, reduces demands on finite natural resources



Key data

- Based in Tucker, Ga., near Atlanta
- Customers = tire manufacturers, as well as companies in construction materials, asphalt modification
- About **100** employees

Acquisition of NexTraq, a US industry leader in the field of commercial-fleet telematics



- Leader in SaaS fleet management for small-to medium-size businesses (Class 3-5 fleets ranging from 2 to 50 vehicles)
- NexTraq helps customers with driver behavior, scheduling, route optimization, vehicle trip history, fuel card integration, vehicle maintenance, and data integration enhancing fleet productivity
- Significant synergies expected with the Michelin Group through:
 - Service and solutions platform in North America
 - Technology expertise cross-fertilization between Sascar, Michelin solutions and NexTraq
 - Volume growth thanks to the strategic fit between Michelin and NexTraq customer bases;

KEY FIGURES

- Turnover: ~\$50m
- EBITDA: ~50%
- **110,000** subscribers in 2016 (67,000 in 2010)
- **100** employees

Michelin and Sumitomo Corporation to Create Second-Largest Wholesale Player in the US and Mexico



To create a joint venture owned 50%/50% by Michelin and Sumitomo Corporation of Americas

- Creating a best-in-class distributor with
 - expanded geographic footprint,
 - better availability of products at all price points, across all product categories
 - e-commerce initiatives
 - shorter delivery and higher efficiency
- Focusing on the growing service and tire needs for fleets and personal vehicles
- Taking advantage of TBC's expertise in the import of Tier 3&4 brands
- Michelin to contribute USD 630m and TCi wholesale business

KEY FIGURES TBC Corporation

- **31m** tires in 2016, o/w **25m** PC tires
- Net sales 2016: **\$3,234m**
- EBITDA 2016: **\$166m**
- **2,411** retail points of sales US & Canada
- **102** WH distribution centers

Mobivia partners with Michelin to expand its A.T.U chain, the German automotive services market leader

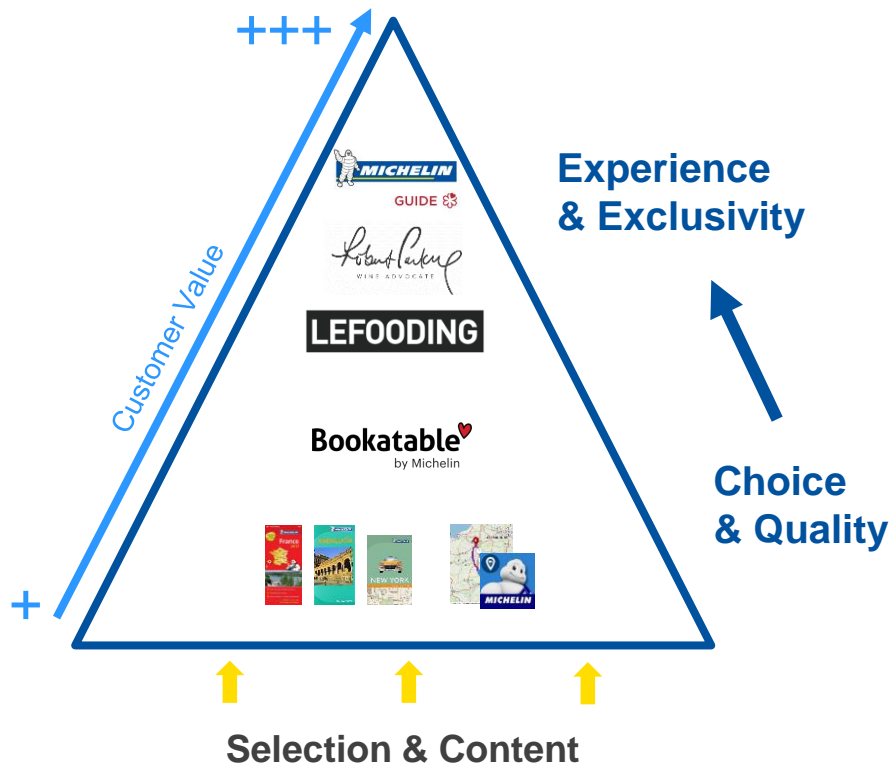


- Mobivia: the largest chain of auto service and repair centers in Europe with more than 2,030 workshops and retail outlets, more than 20,000 employees and €2.7bn in revenue
- A.T.U (Auto-Teile-Unger), Germany's leading nationwide network of auto service centers, joined Mobivia in December 2016
- Mobivia and Michelin will combine their expertise, each in their traditional markets, to improve the customer experience and support the development of the A.T.U brand in Germany, Austria and Switzerland

KEY FIGURES A.T.U

- **20%** minority stake for **€60m**
- **600** auto centers in Germany, Austria and Switzerland
- **10,000** employees

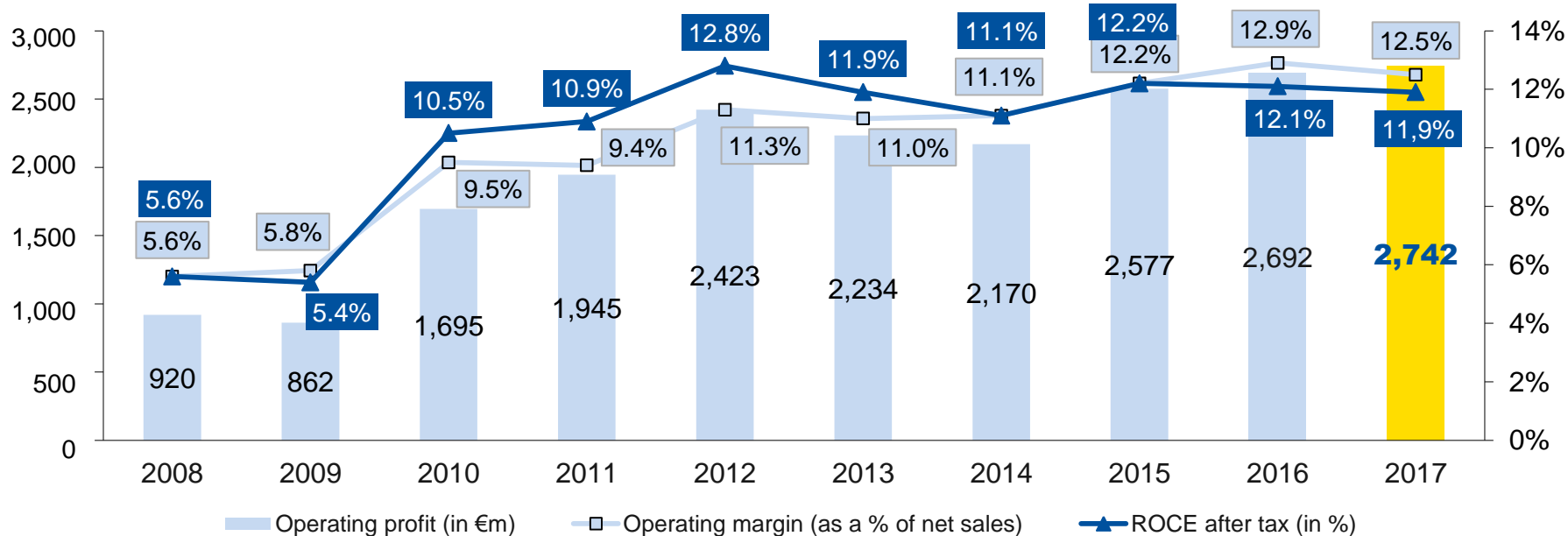
Michelin Experiences: Become the global “Selection” benchmark in the world of gourmet dining and travel services



- Capitalize on the **MICHELIN Guide**'s worldwide reputation in the field of fine dining
- Expand the **geographic and segment footprint** with **aligned brands/solutions** for our customers
 - Destinations
 - Professionals (chefs, winemakers, hoteliers, etc.)
 - Advertisers
 - High-income consumers
- Create and engage a broad, qualified, committed audience in the **digital** world to benefit all of our businesses

2017: another year in line with our 2020 roadmap

▲ Group operating income and margin* & ROCE

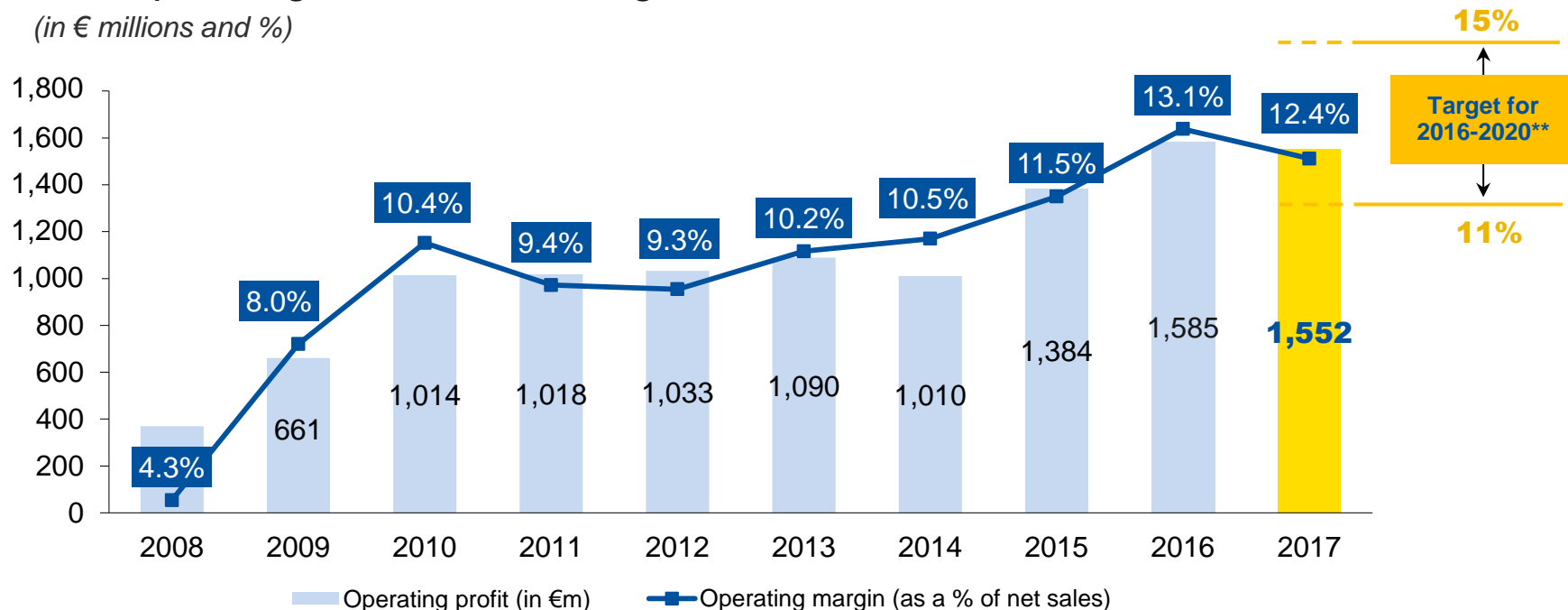


*from recurring activities

Levers for improved PC margins: product innovation, contribution from the 18" and over strategy, better customer service

▲ RS1 operating income and margin*

(in € millions and %)

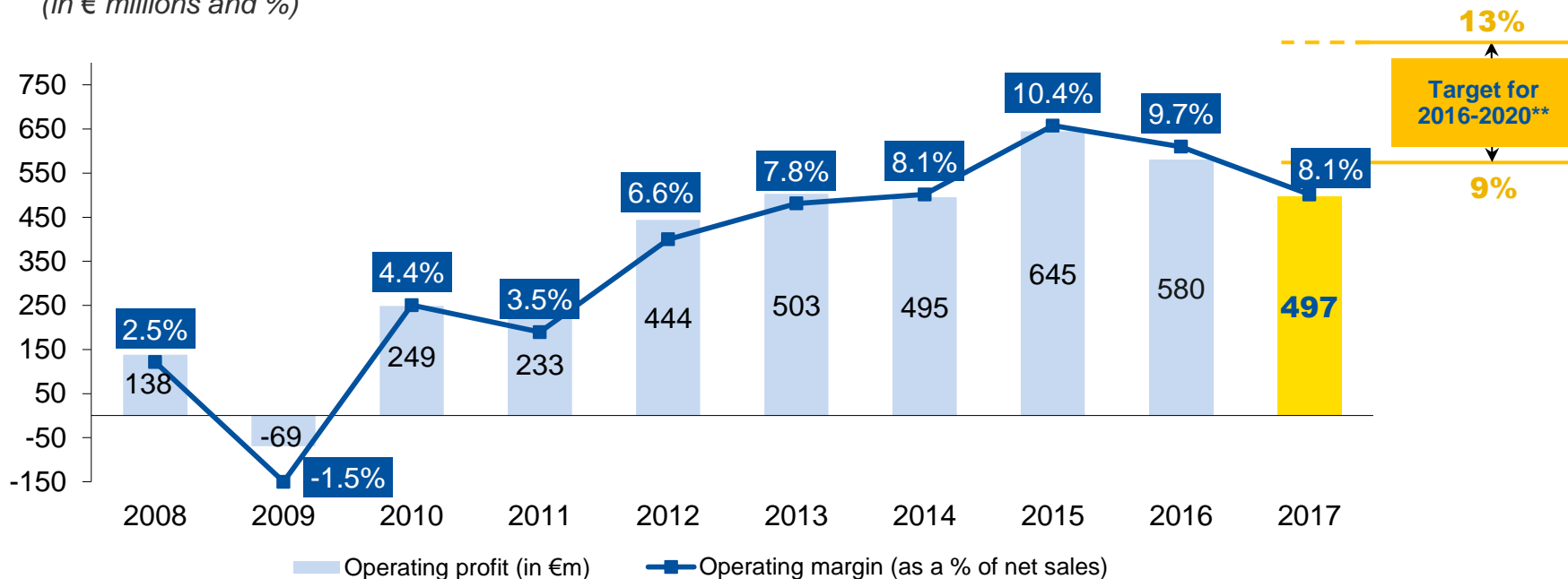


*from recurring activities

**at constant scope of consolidation and raw materials prices, and with markets expanding at a +2.5% CAGR

Truck: priority on competitiveness, product innovation and customer satisfaction

▲ RS2 operating income and margin* (in € millions and %)



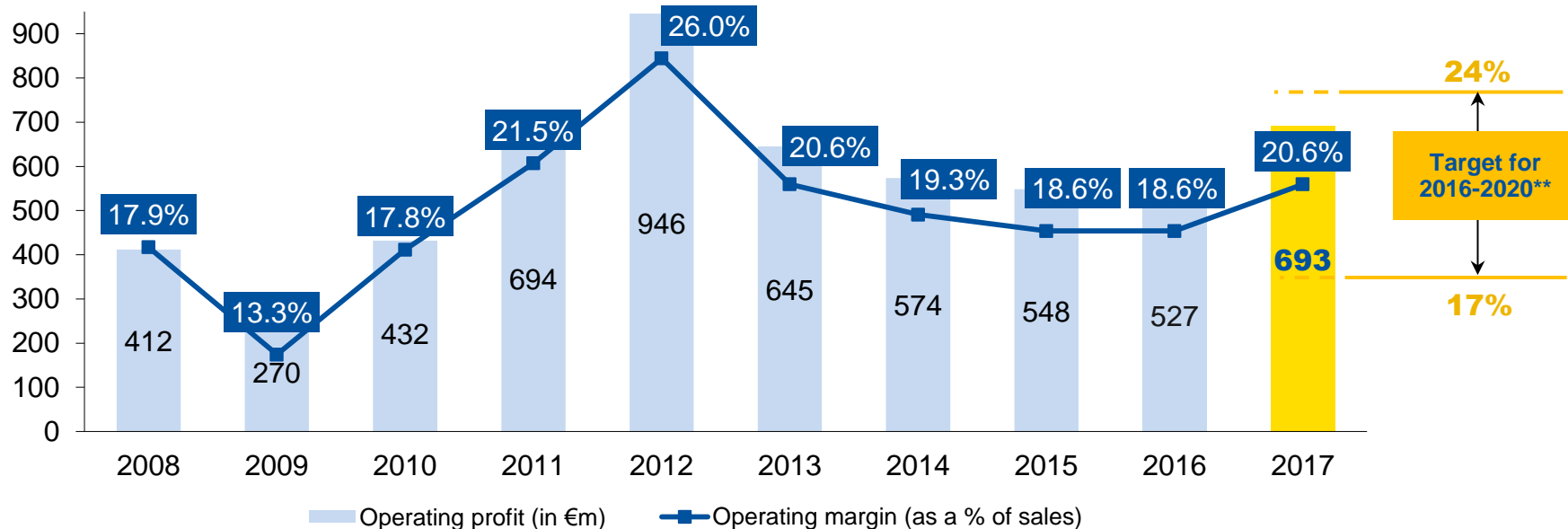
*from recurring activities

**at constant scope of consolidation and raw materials prices, and with markets expanding at a +1.5% CAGR

Specialty businesses: all divisions contributing in recovery markets

▲ RS3 operating income and margin*

(in € millions and %)



*from recurring activities.

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

Investor calendar

- **Coming events:**

- **April 23, 2018 (after close of trading):** First-quarter 2018 net sales
- **May 18, 2018:** Annual Shareholders Meeting
- **July 23, 2018 (after close of trading):** First-half 2018 results
- **October 22, 2018 (after close of trading):** Third-quarter 2018 net sales

- **Dividend dates:**

- **May 22, 2018:** Ex-dividend date
- **May 23, 2018:** Record date
- **May 24, 2018:** Payment date

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."

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