



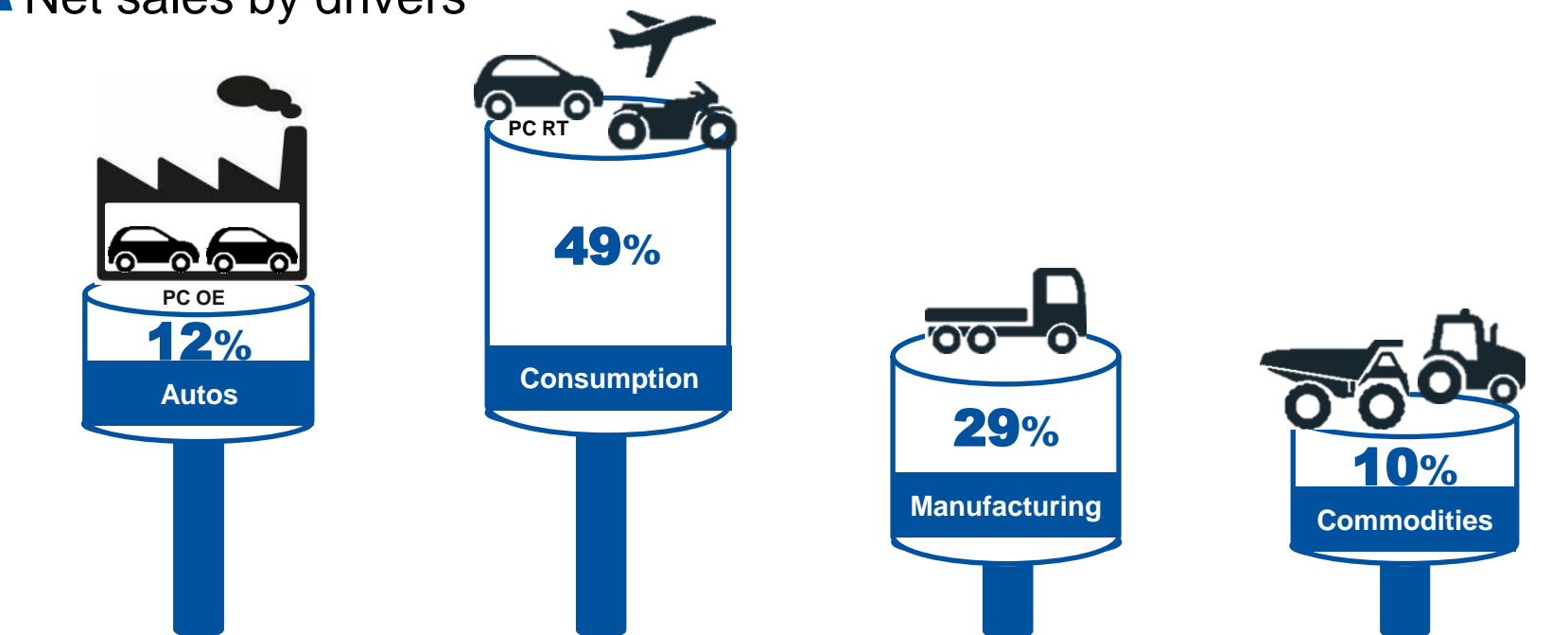
Paris
June 14-15, 2017

Exane BNP Paribas CEO Conference



A business model strongly linked to consumption

▲ Net sales by drivers



2016 net sales by sector



- 1 / Levers for Growth**
- 2 / Levers for Competitiveness**
- 3 / Ambition for Profitability**



1 / Levers for Growth

Four domains of growth: ROCE at 15%* from 2020

	Tires	Services	Experience	Materials
2015-2020 objectives	Net Sales + 20%	Net Sales x 2	Net Sales x 3	Capitalize on our leadership
Action plan and first steps	 MICHELIN net promoter score     	   	    	     

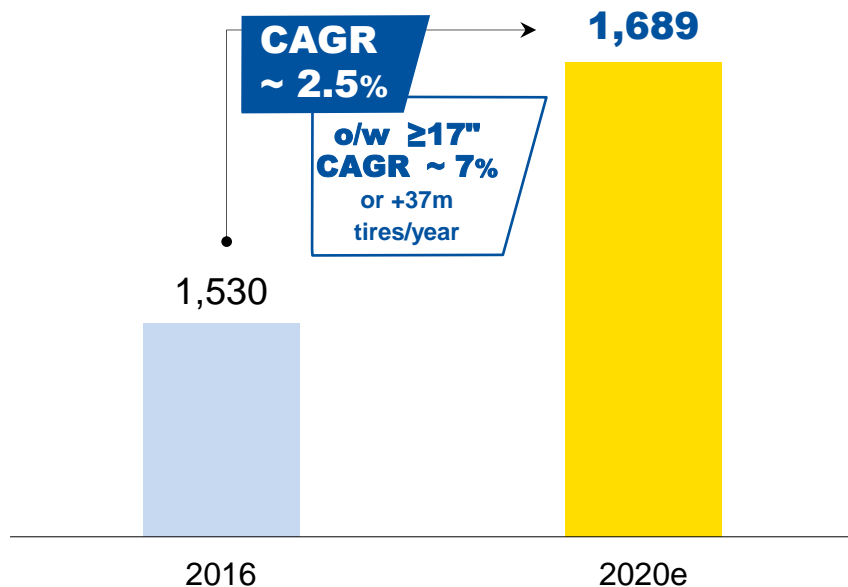
CUSTOMER – INNOVATION – GROWTH – COMPETITIVENESS

* At constant scope of consolidation excluding goodwill

2016-2020 projections: growing worldwide demand

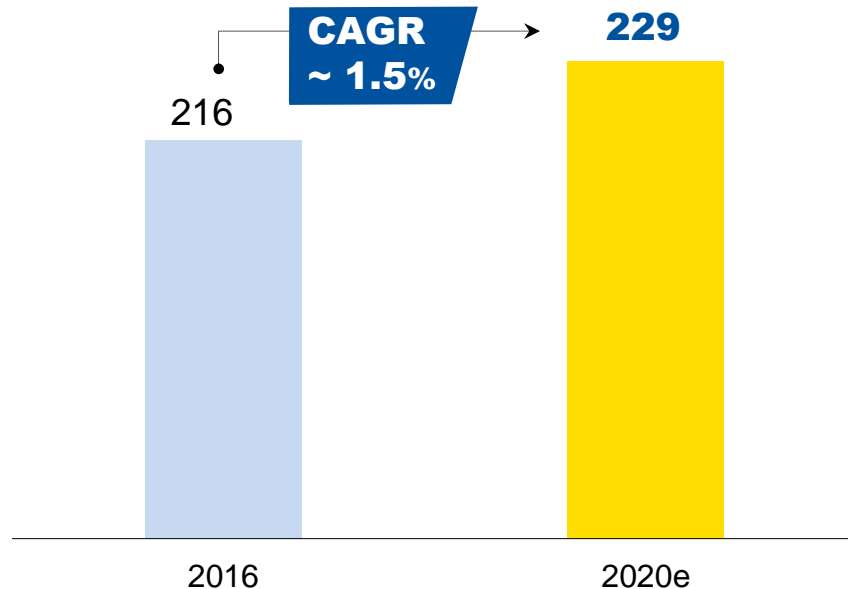
▲ PC OE&RT market projection

(in millions of units)



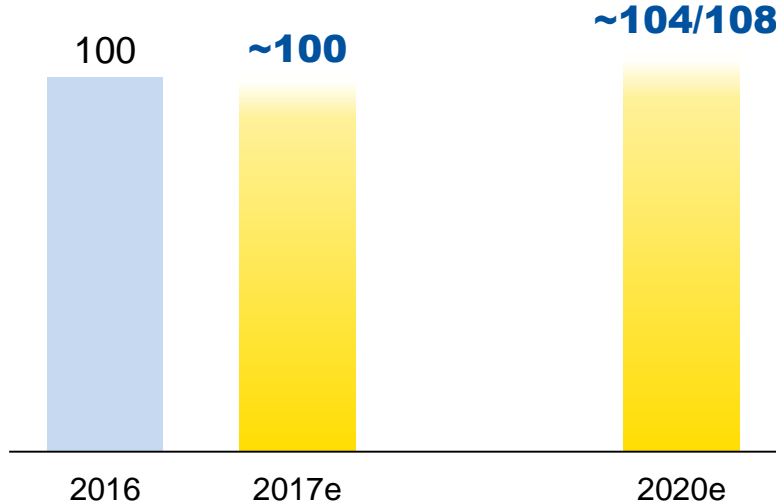
▲ TB OE&RT market projection

(Radial & Bias in millions of units)

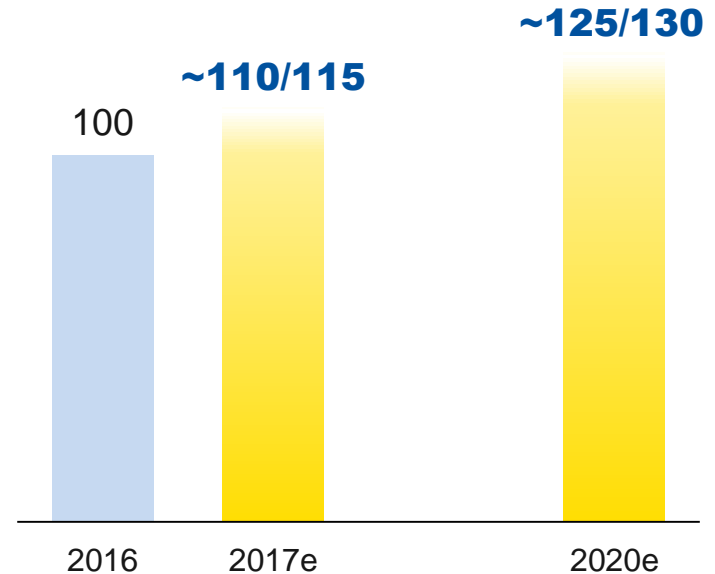


2017: Mining tires, return to growth – Agricultural tires, stabilizing before returning to growth

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



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



* OE & RT in Europe and North America

Product launches driving volume and market share gains

Passenger Car

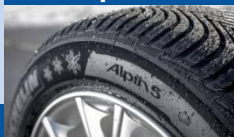
MICHELIN CrossClimate +



MICHELIN Pilot Sport 4 S



MICHELIN Alpin 5



BFGoodrich All Terrain T/A K02



MICHELIN Premier LTX



Truck

MICHELIN X-One Urban Bus



MICHELIN X®Guard



MICHELIN XWorks



Convoy TripleA



MICHELIN X Line Energy Z



Specialty



MICHELIN Power RS



MICHELIN XDR3

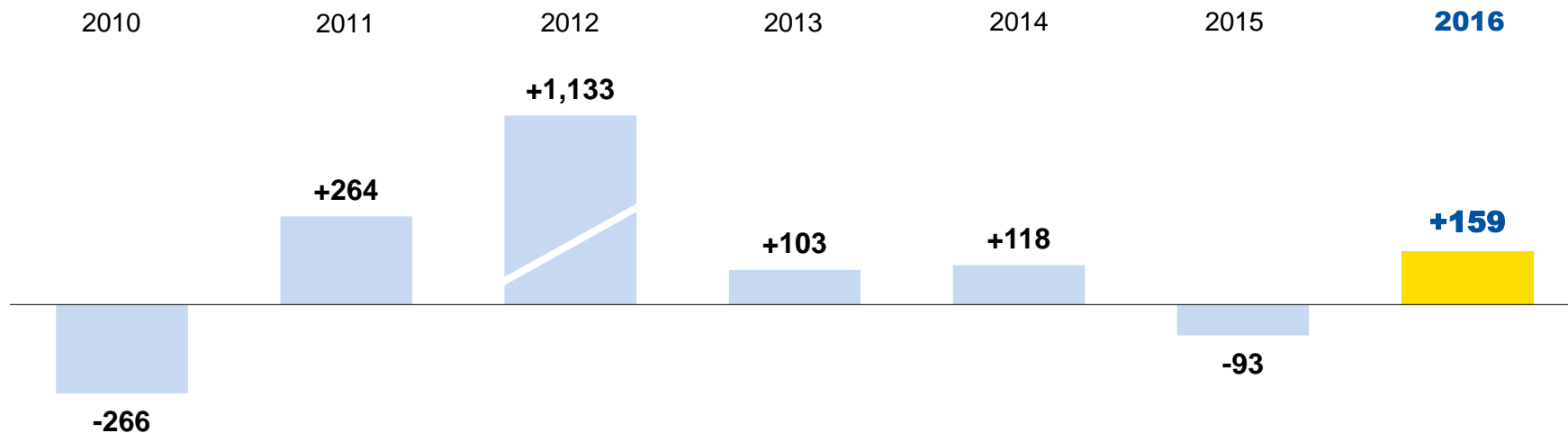


2 tires in 1 technology



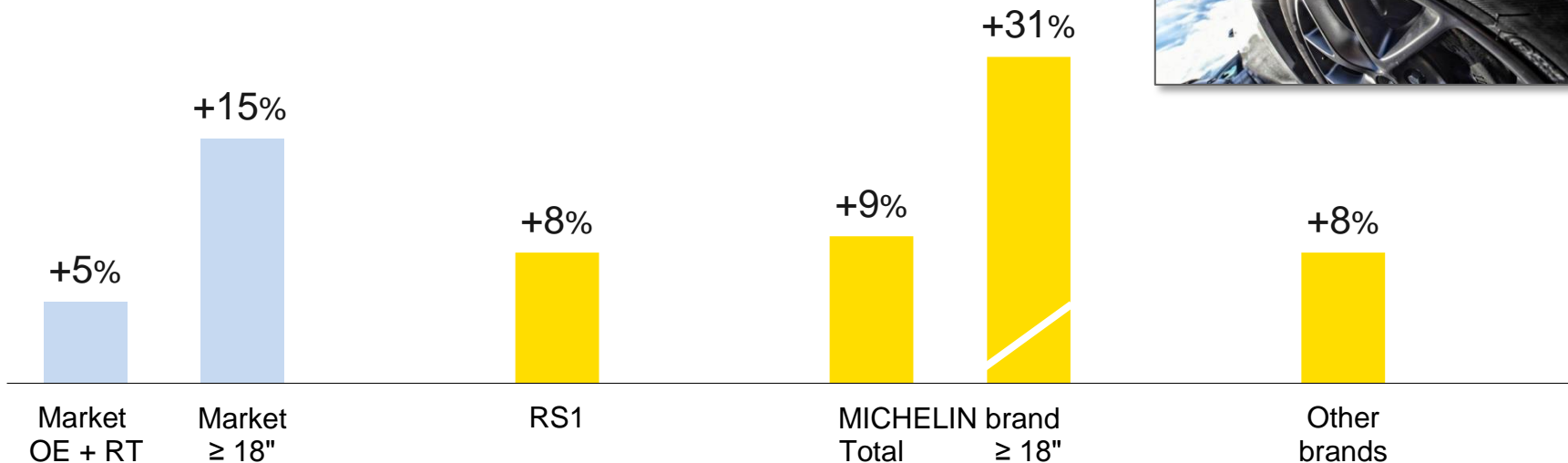
Improvement in unit margin due to effective pricing management over time

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



Passenger car and Light truck tires: solid performance across all brands and in every segment

▲ Passenger car and Light truck tires Q1 2017 growth (YoY)



Source: Michelin



2 / Levers for Competitiveness

New 2017-2020 competitiveness plan: €1.2bn targeted over 4 years only

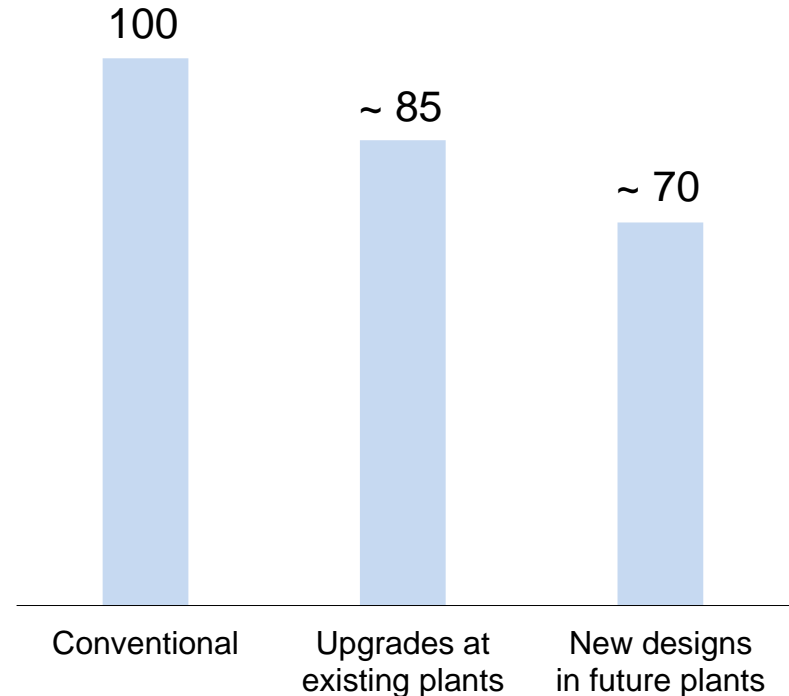
Objectives met 

<i>In € millions</i>	2007-2010 plan Target: €1,000m	2012-2016 plan Target: €1,200m	2017-2020 plan
SG&A	251	522	500/550
Manufacturing -Transport	406	448	450/500
Raw materials	365	227	150/200
Total	1,022	1,197	~1,200

New drivers: decreasing capital expense costs

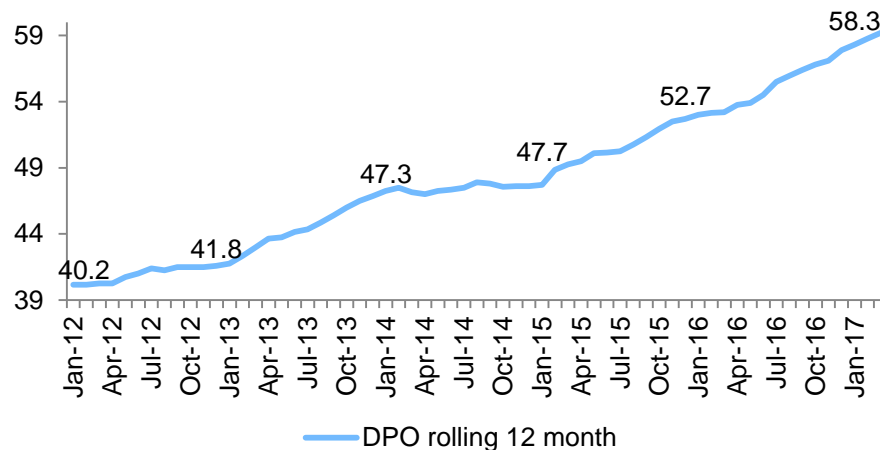
- **Future plants** will cost 30% less per tonne of passenger car tire than previous projects, thanks to:
 - The purchase of less customized machinery
 - Streamlined flows
 - More flexible building blocks
 - Co-designing products and processes
 - Optimized engineering processes
- The selected solutions will be aligned with the upgrades at **existing plants**, with the goal of reducing unit capex cost by 15%
- Differentiation of our products will remain unchanged

▲ CAPEX/tonne 100-indexed
(Passenger Car)



Optimizing Working Capital Requirements

- Inventory:
 - At least a €250m reduction expected from OPE by 2020 from 2016
- Receivables:
 - Benchmark position around 13% of net sales
- Payables:
 - Further improvement through TOP and reverse factoring

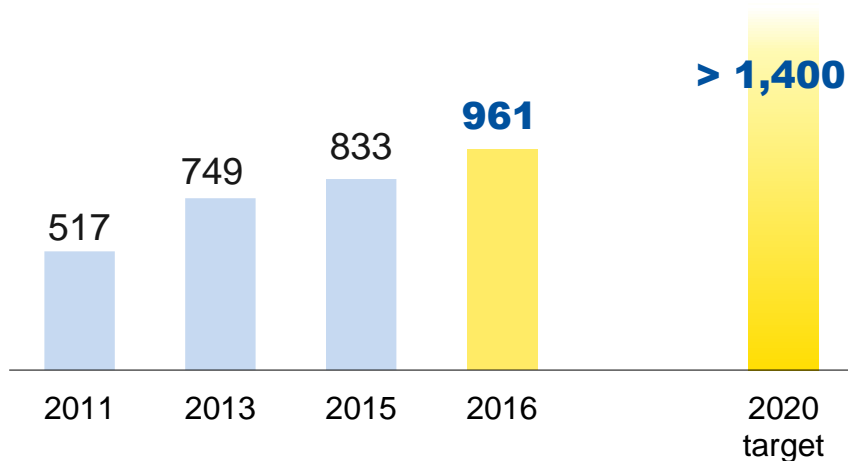




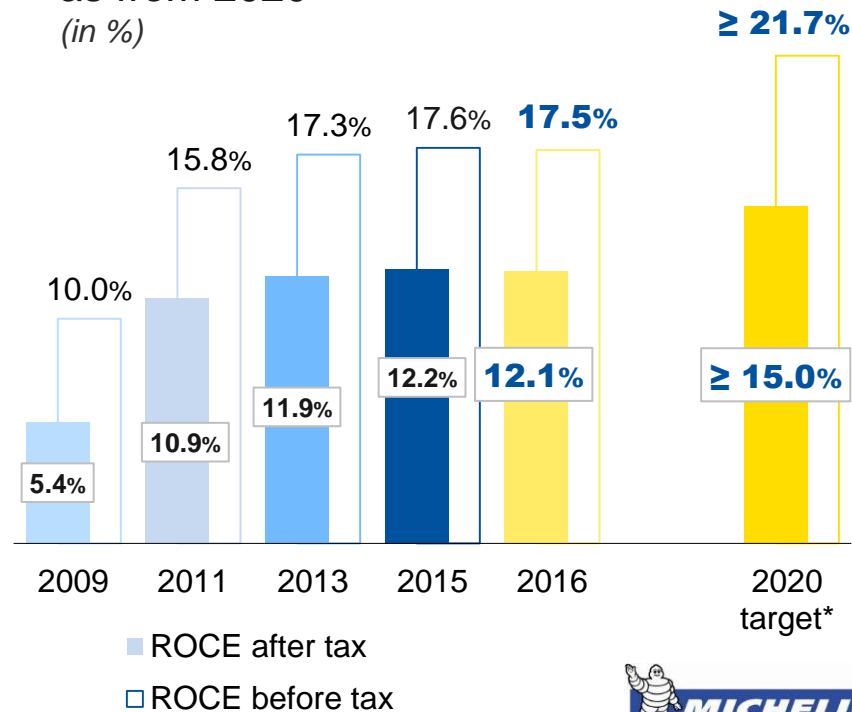
3 / Ambition for Profitability

2016 performance in line with 2020 objectives

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

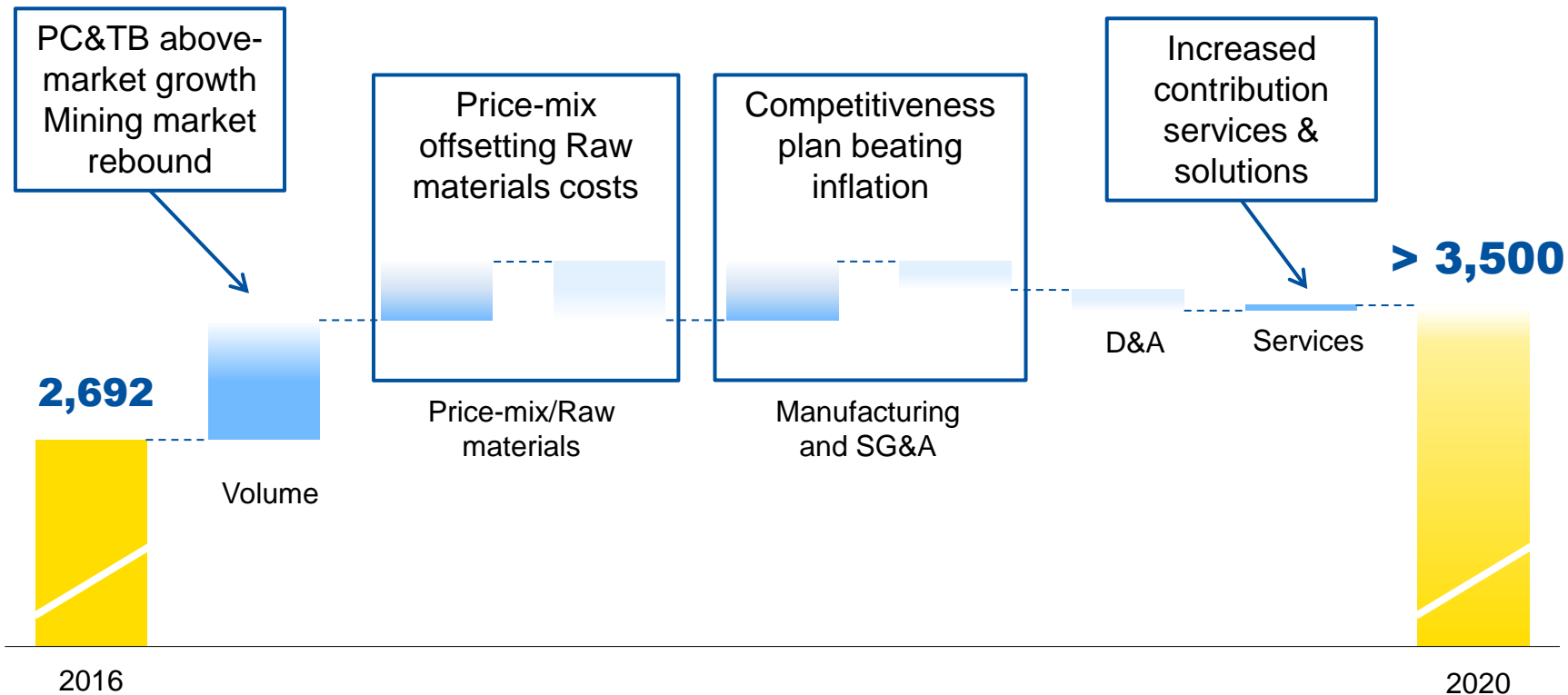


▲ Deliver an after-tax ROCE ≥ 15%
as from 2020
(in %)



* At constant scope of consolidation excluding goodwill

2016-2020 organic scenario: profitability levers



2017 guidance confirmed: on the road to our 2020 objectives

	2017
Volumes	Growth in line with the markets
Operating income from recurring activities at constant exchange rates	≥ 2016
Net price-mix/raw materials effect	Non-indexed businesses: neutral
Structural FCF*	> €900m

* Adjusted for the payment in January 2017 of the €193m in interest on the 2017 Océane zero-coupon convertible bonds.

2017 scenario*: H1 lifted by volumes and H2 by price increases

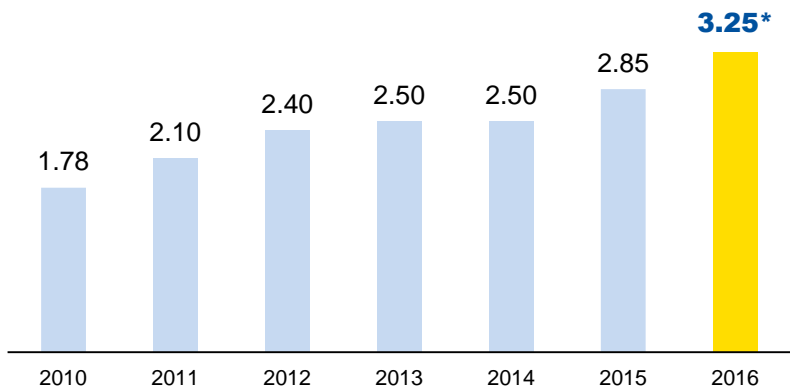
	H1 2017	2017
Impact of raw materials costs		Around €800m headwind
Currency effect		Slightly positive (~ +€25m)
Net price-mix/raw materials effect	€100-200m headwind	Indexed businesses: negative Non-indexed businesses: neutral
Competitiveness plan gains vs. inflation		Slightly positive

* Based on the following prices: natural rubber: \$1,90/kg; butadiene (US and Europe): \$1,500/T; brent: \$55/bbl; EUR/USD: \$1.10

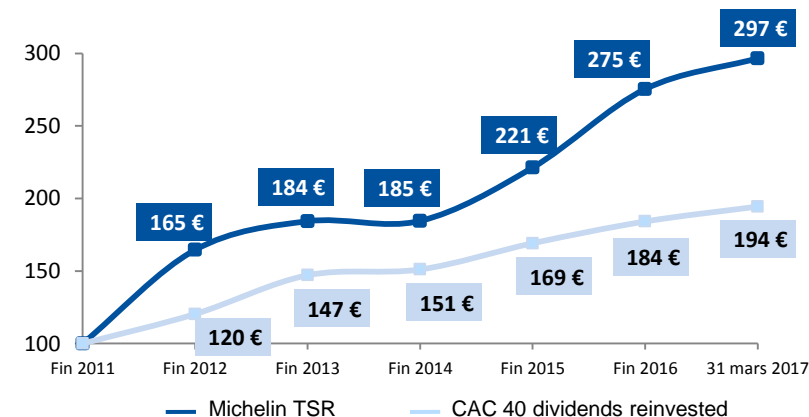
Sustained shareholder return policy: dividends and share buybacks

- 2016 dividend: €3.25 per share, representing a payout ratio of 36.5%
- Share buyback program €750m
 - €750m committed in 2015-2016 and cancellation of 4.5% of outstanding shares
 - 2017: €100m in buybacks planned to offset the dilutive impact of share-based compensation

● Dividend per share (in €)



● Total Shareholder Return





MICHELIN

PILOT SPORT 4 S 

1st in (the largest number of) essential performances:

- 1st in DRY braking ⁽¹⁾
- 1st in WET braking ⁽¹⁾
- 1st in DRY laptime ⁽¹⁾
- 1st in longevity ⁽²⁾

LEGAL MENTIONS

(1): Thanks to external tests realized by TÜV SÜD in June and July 2016 in 255/35-19 96 Y XL with BRIDGESTONE Potenza S001, CONTINENTAL SportContact 6, DUNLOP Sport Maxx RT 2, GOODYEAR Eagle F1 Asymmetric 3, and PIRELLI Pzero Nero GT bought on European replacement market in 2016 by TÜV SÜD.

(2): Thanks to external tests realized on Michelin request by DEKRA Test Center in June and July 2016 in 255/35-19 96 Y XL with BRIDGESTONE Potenza S001, CONTINENTAL SportContact 6, DUNLOP Sport Maxx RT 2, GOODYEAR Eagle F1 Asymmetric 3, and PIRELLI Pzero Nero GT bought on European replacement market in 2016 by TÜV SÜD.

Investor calendar

- **July 25, 2017 after close of trading: First-half 2017 results**
- **October 19, 2017 after close of trading: Third-quarter 2017 net sales**

June 14-15, 2017
CEO Conference

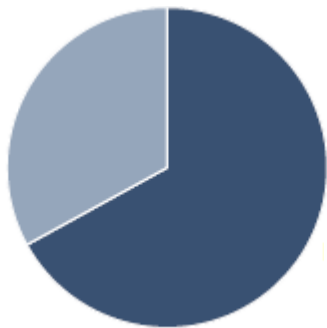


Appendices

Friendly draft simplified cash public tender offer to acquire the outstanding shares of SIPH

- in concert with the Ivory Coast company SIFCA
- to acquire the 1,042,324 shares in SIPH not currently held by the concert parties
- at a price of €85 per SIPH share
- 220,000 ton production, o/w 70kT from SIPH-owned plantations

SIPH production & remiling
33%



Remiling by SIPH
67%

SIPH Headquarter

SAPH in Cote d'Ivoire
- 6 plantations
- 5 plants

CRC in Liberia
- 1 plantation
- 1 plant

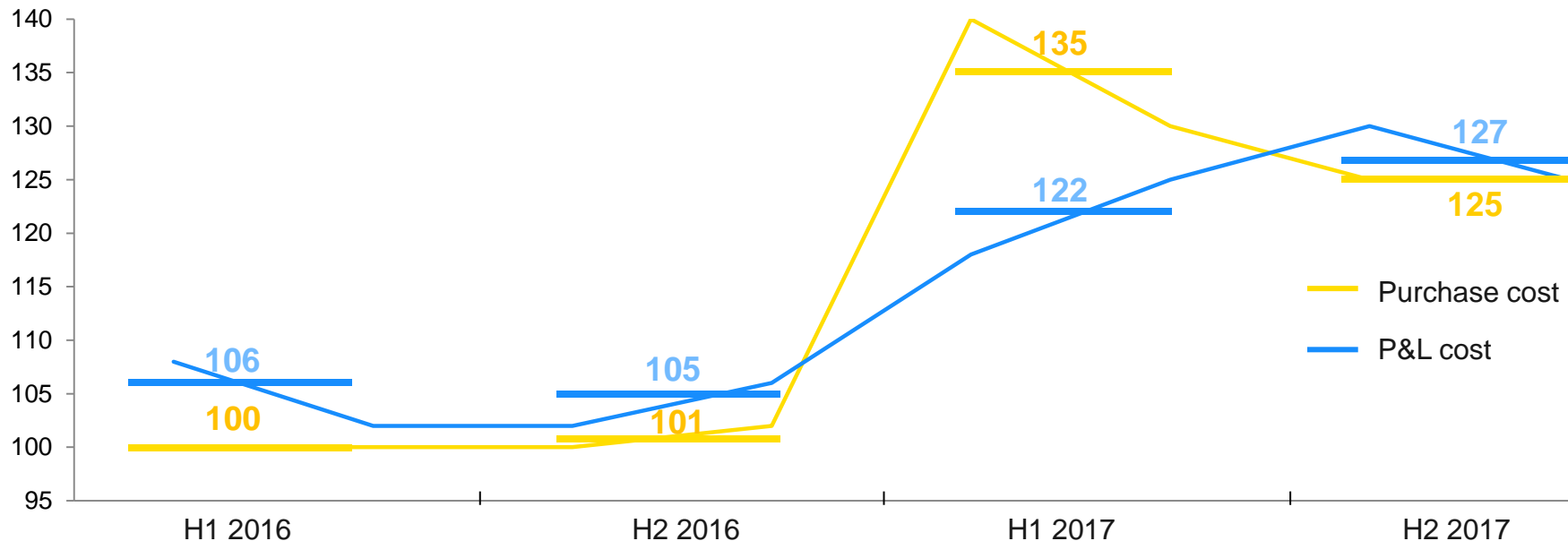
GREL in Ghana
- 1 plantation
- 1 plant

RENL in Nigeria
- 4 plantations
- 1 plant



Raw materials: a negative impact mainly in H2

▲ 2017 assumptions per half



Markets in 2017: early-year growth driven by price increases



PASSENGER CAR: +2%/+3%

Growth in line with long-term trends

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



TRUCK: +0%/+2%

Growth in line with long-term trends

- China: Return to growth in the world's largest market
- Europe: Moderate growth
- North America: Another period of decline in OE and strong demand holding firm in RT



SPECIALTY: +4%/+5%

- Of which Mining tires: +10%/+15%
- Of which Agricultural tires: stable

PC Tire Market: Eroding replacement markets in Europe, North America and China following earlier pre-buy and one fewer day of sales; demand volatility in Brazil in still fragile economic background. OE sales decreasing in all zones notably driven in Europe by fewer number of days of sales and slower exports, in the US and China by stepped down vehicle sales and in Brazil by a calendar effect.

▲ April 2017/2016

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▼ -15%	▼ -16%	▼ -4%	▼ -1%	▼ -3%
Replacement	▼ -4%	▼ -5%	▼ -4%	▲ +0%	▲ +2%

▲ YTD April 2017

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▲ +0%	▲ +0%	▲ +1%	▲ +12%	▲ +4%
Replacement	▲ +3%	▲ +2%	▲ +1%	▲ +7%	▲ +9%

* Turkey included

TB Tire Market : Still improving Europe replacement market based on some further pre-buy, better economic environment, despite one fewer day of sales; North America demand weaker following price hikes and strong early-year Chinese imports; OE markets trending down in Europe and Brazil due to fewer days of sales and still downwards demand in the US.

▲ April 2017/2016

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▼ -7%	▼ -9%	▼ -8%	▼ -16%
Replacement	▲ +1%	▲ +2%	▼ -7%	▼ -15%

▲ YTD April 2017

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▲ +5%	▲ +5%	▼ -6%	▼ -7%
Replacement	▲ +9%	▲ +8%	▲ +5%	▲ +9%

* Turkey included

Worldwide price increases for Michelin

Europe	North America	South America	China	ASEAN
Up to 8% over the first four months	Up to 8% from Feb. to April	Up to 3% in January	Up to 8% in February	Up to 8% in March-April

- Further price increases have been announced in Europe in the Truck (up 5% to 8% from May), Passenger car and Light truck (up 2% to 3% from June), and Agricultural (up 12% from July) segments.

Q1 2017: €5.6 billion in net sales (up 10%), with strong growth in volumes

- Generally expanding market environment
 - Sustained OE demand
 - RT demand buoyed by early buying ahead of price increases
 - Rebound in Mining tire demand
- Q1 volumes up 7.3%, lifted by early dealer buying and the recovery in Mining tire sales
- The price-mix effect reduced net sales by just 0.1%, a sharp improvement led by:
 - The success of the new tire and services solutions aligned with customer needs
 - The favorable mix effect, primarily reflecting 31% growth in volumes in the premium 18”+ segment
- 2017 guidance confirmed, in line with our 2020 objectives

Q1 2017 markets lifted by early buying ahead of RT price increases



PASSENGER CAR: +5%

Global OE: +4%
Global RT: +5%

- Robust demand in every region



TRUCK: +8%

Global OE: +9%
Global RT: +7%

- OE: sustained firm growth in China and Europe, declines in North and South America
- RT: demand boosted by price increases and by favorable global freight conditions



SPECIALTY: +9%/+11%

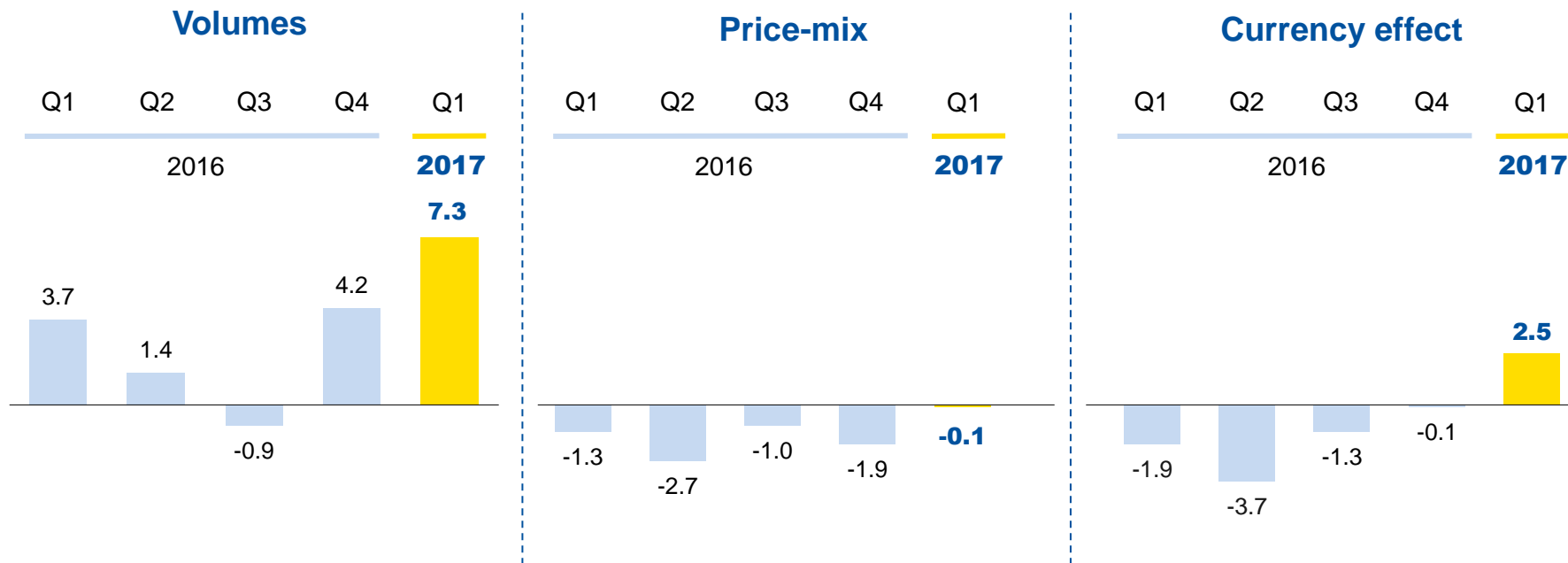
- Mining tires: rising demand led by the end of destocking
- RT Agricultural and Infrastructure tires: markets supported by price hikes
- OE Agricultural: stable
- Aircraft* and Two-Wheel** tires: continued growth

* Commercial aircraft

** Motorcycle tires in Europe, the United States and Japan

Strong growth in volumes vs. a high basis of comparison and price-mix stabilizing ahead of price increases

▲ YoY quarterly change
(in %)

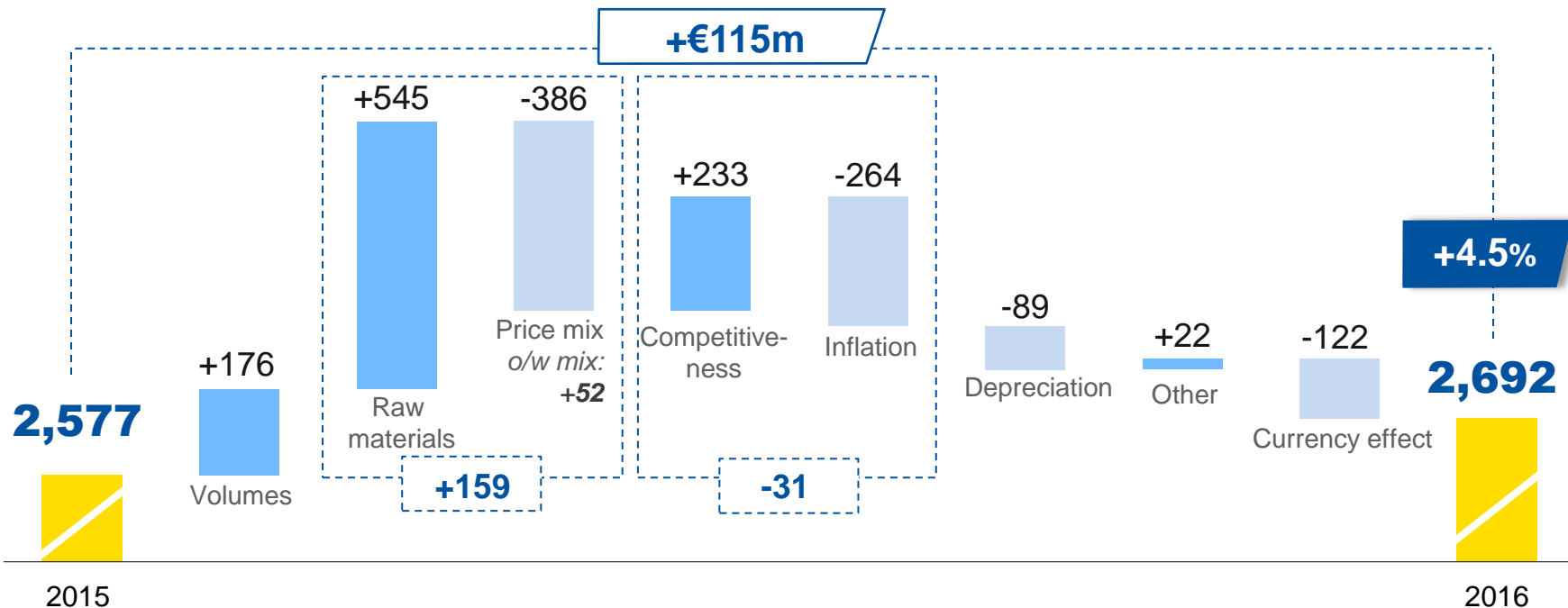


2016: a year of progress, in line with our 2020 roadmap

	2016 guidance		2016 actual
Volumes	Above-market growth	✓	+2.1%
Operating income from recurring activities at constant exchange rates	> 2015	✓	€2,692m up €235m
Structural FCF	> €800m	✓	€961m

2016 Operating income up €237m at constant exchange rates

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



Investing to create value

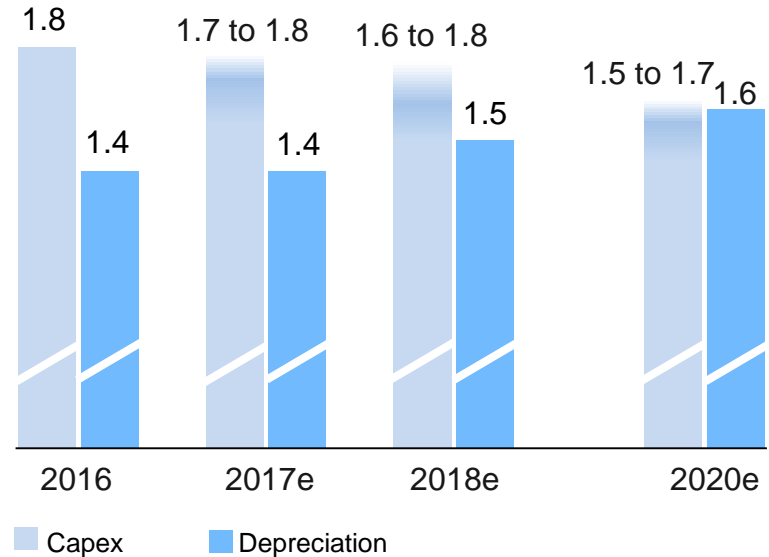
▲ Successfully carry out our priority Capex and M&A projects to drive expansion:

- In growing markets: Premium PC, North America and Asia
- In the supply chain to improve customer service (information systems, logistics)
- In digital services
- In raw materials and semi-finished products

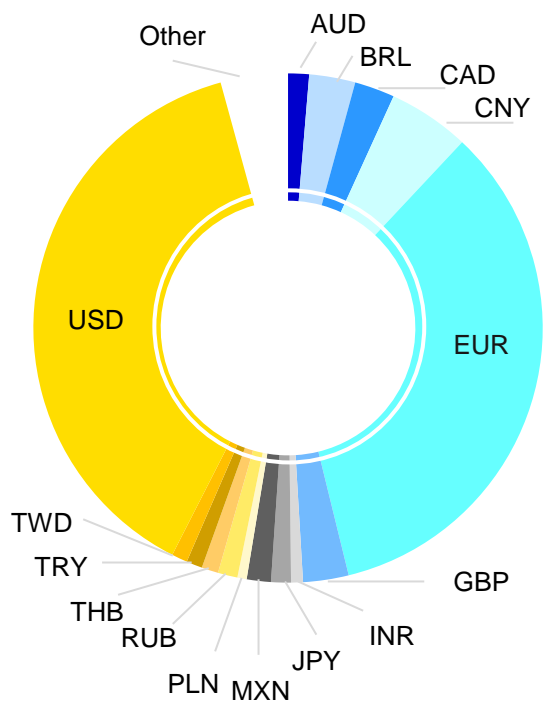


▲ Closing the gap between Capex and depreciation:

(in € billions, at current exchange rates)



2016 net sales by currency

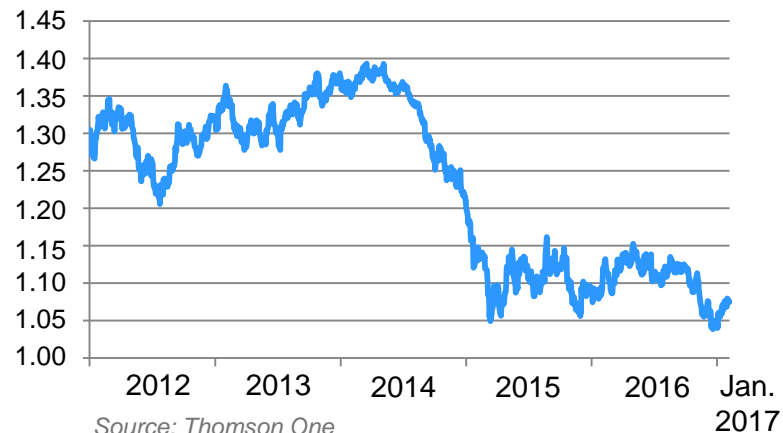


% of net sales	
AUD	1%
BRL	3%
CAD	3%
CNY	5%
EUR	34%
GBP	3%
INR	1%
JPY	1%
MXN	2%
PLN	1%
RUB	1%
THB	1%
TRY	1%
TWD	1%
USD	38%
Other	4%

EBIT sensitivity to €/€ exchange rate:

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

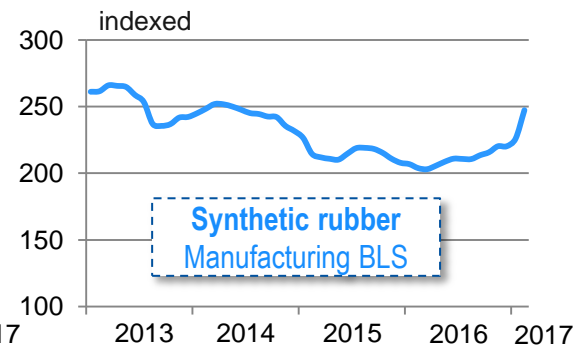
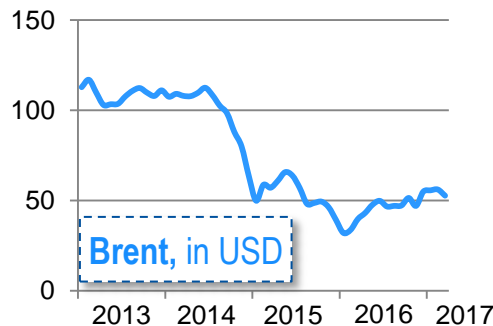
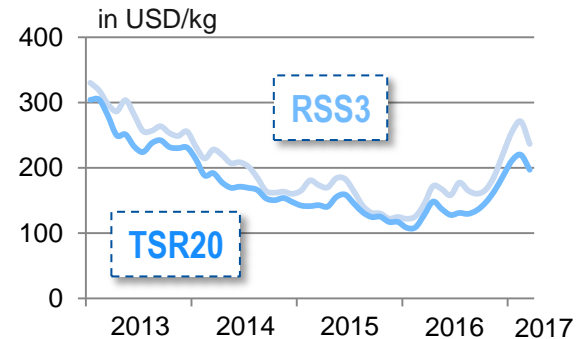
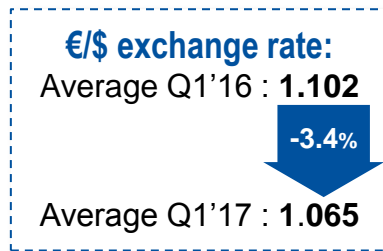
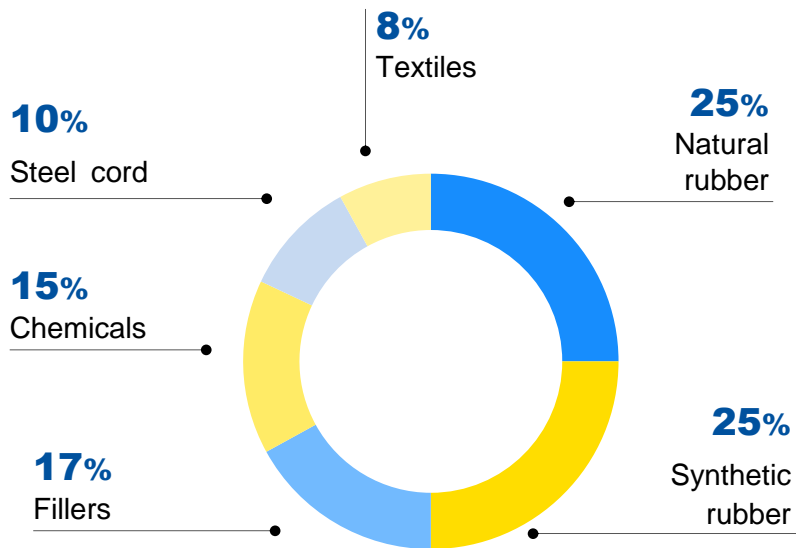
▲ €/€ exchange rate – 2012- Jan. 2017



Source: Thomson One

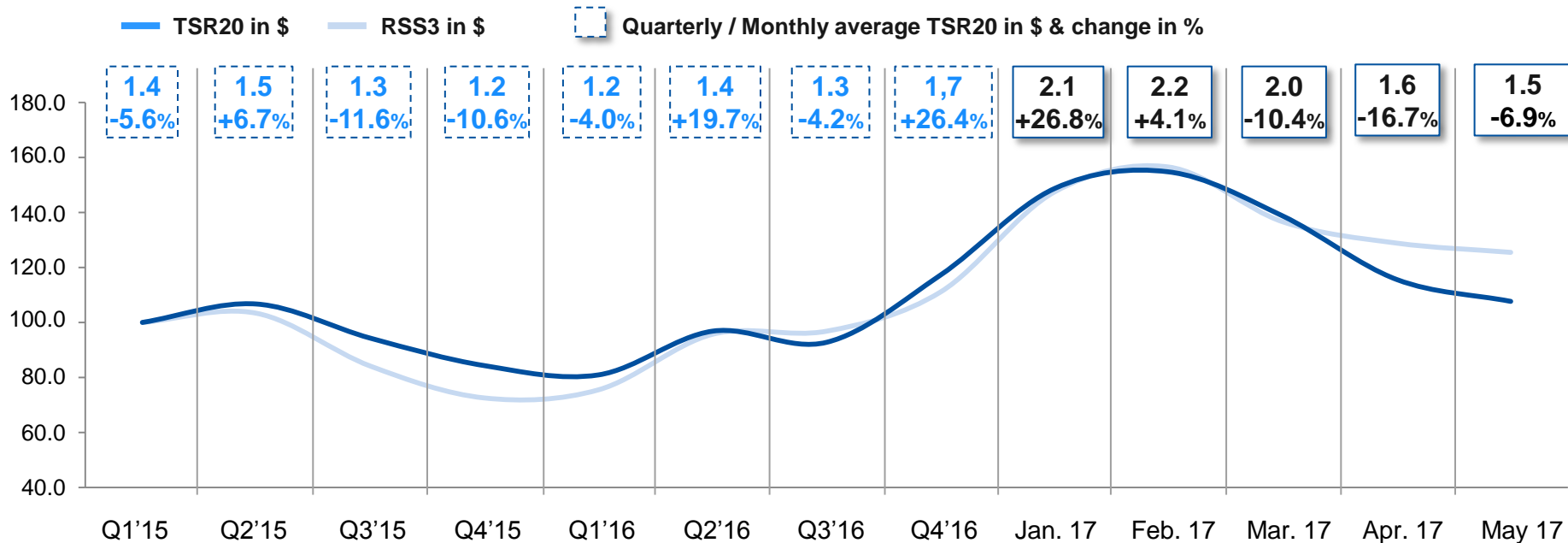
Raw materials in 2016 and 2017

▲ Raw material purchases in 2016 (€4.3bn)



Natural rubber price trend

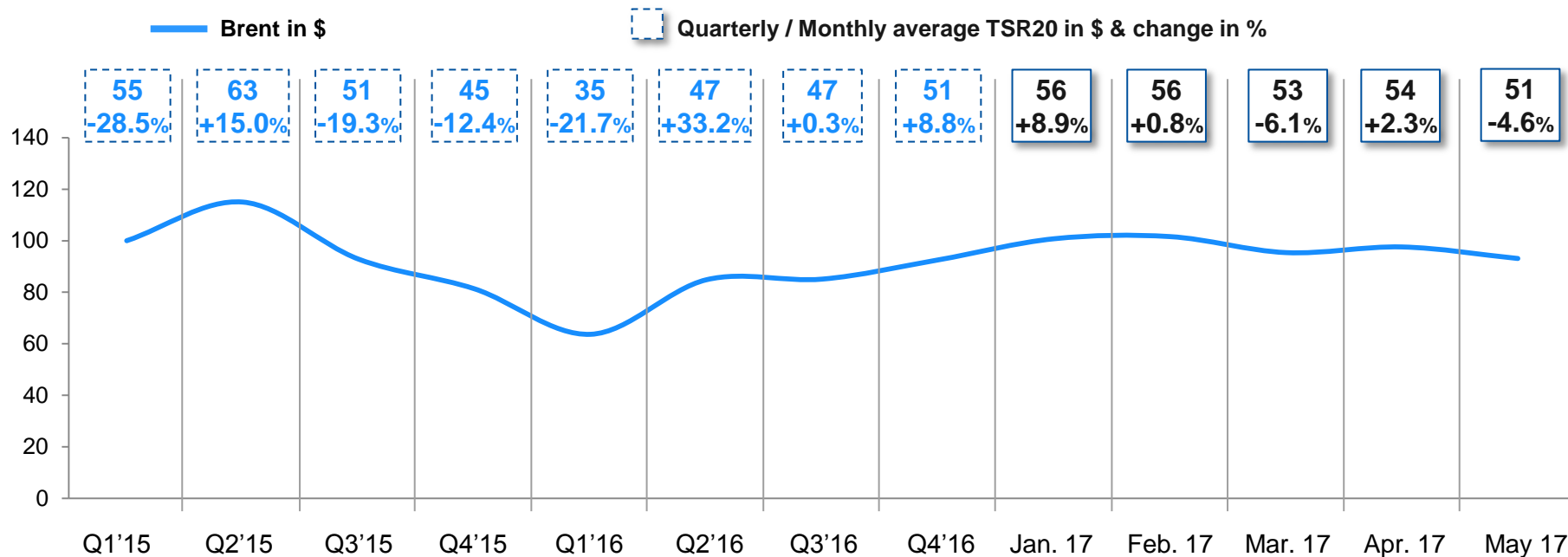
▲ Indexed, at end of May 2017 (per kg, base 100 in Q1'15)



Source : SICOM

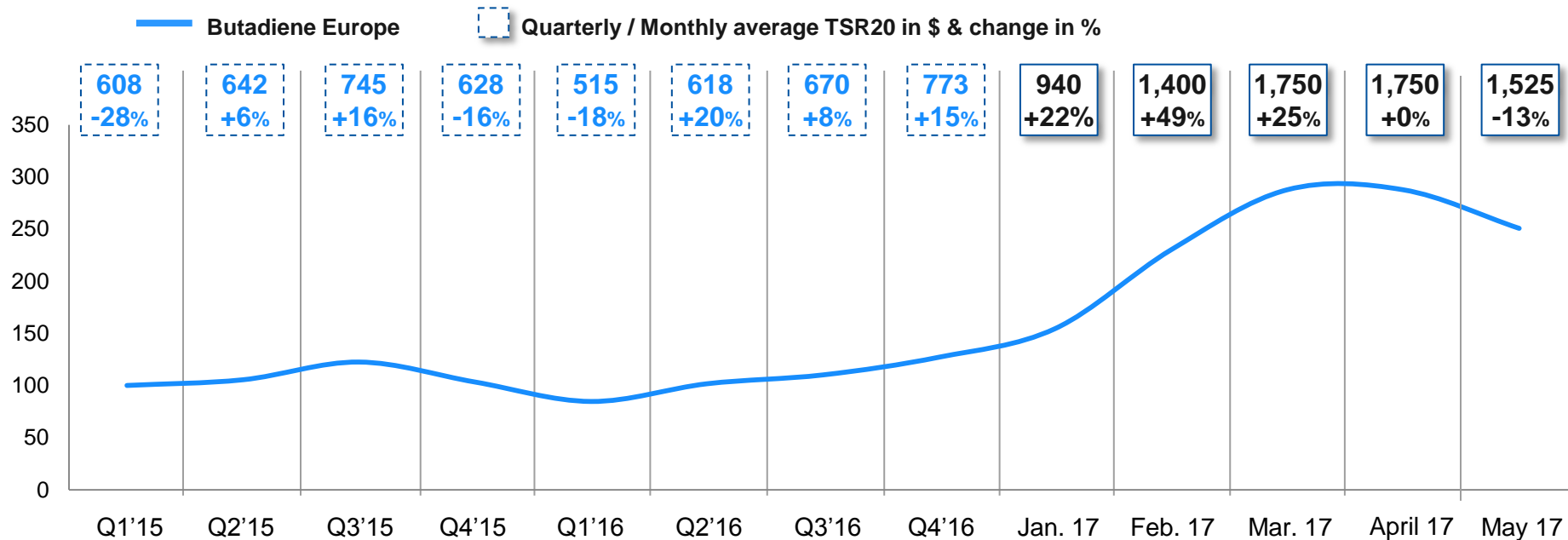
Brent price trend

▲ Indexed, at end of May 2017 (per barrel, base 100 au Q1'15)



Butadiene price trend

▲ Indexed, at end of May 2017 (per tonne, base 100 in Q1'15)

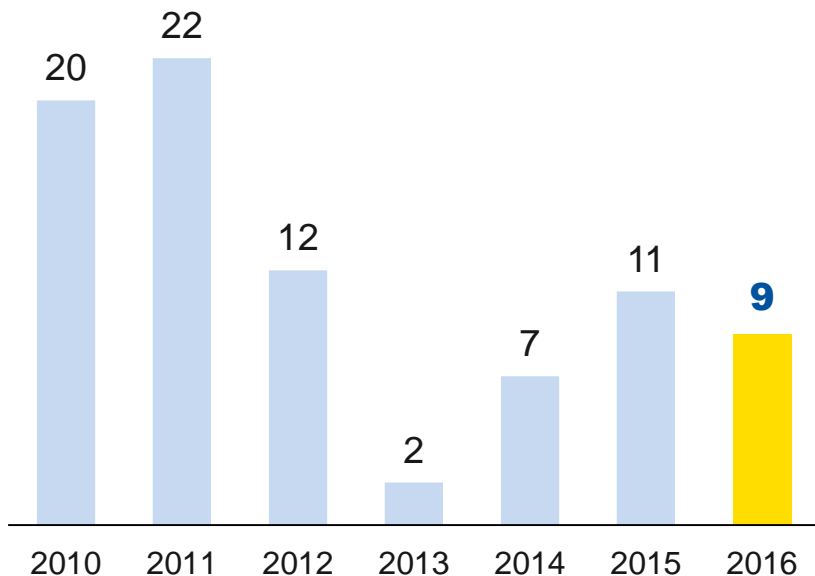


Source : IHS

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

▲ Gearing

Net debt/equity, in %

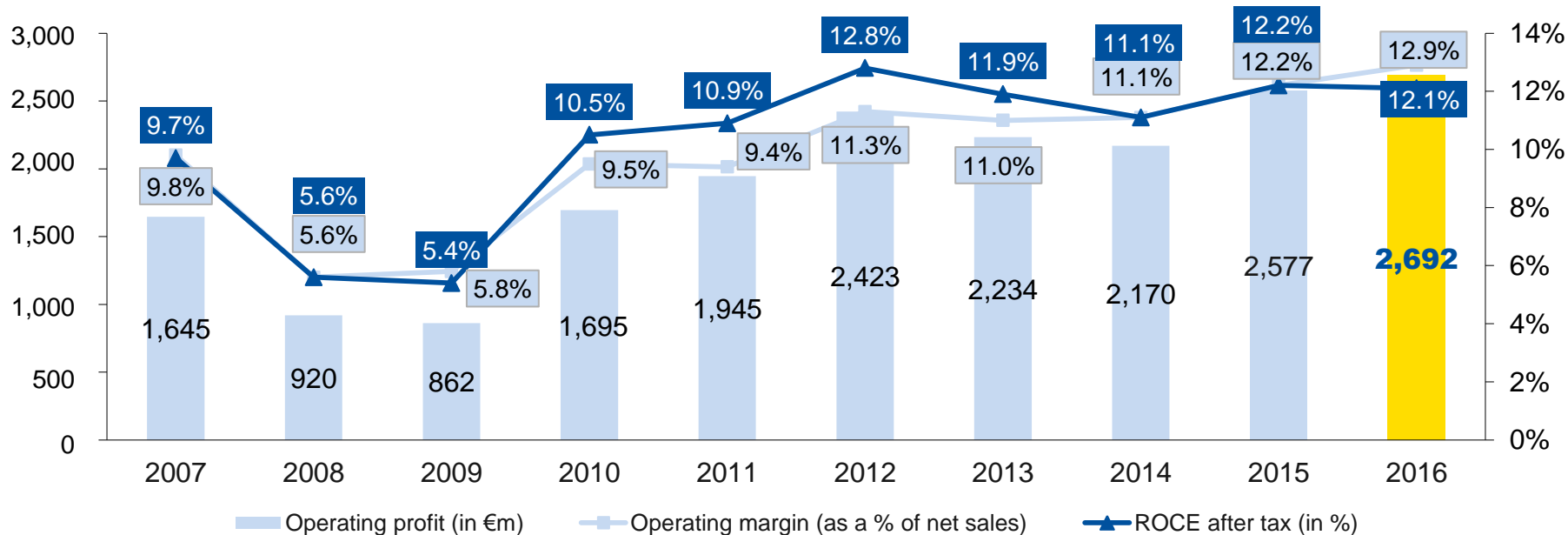


▲ Solid long-term ratings

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

2016: a year of progress, in line with our 2020 roadmap

▲ Group operating income and margin* & ROCE

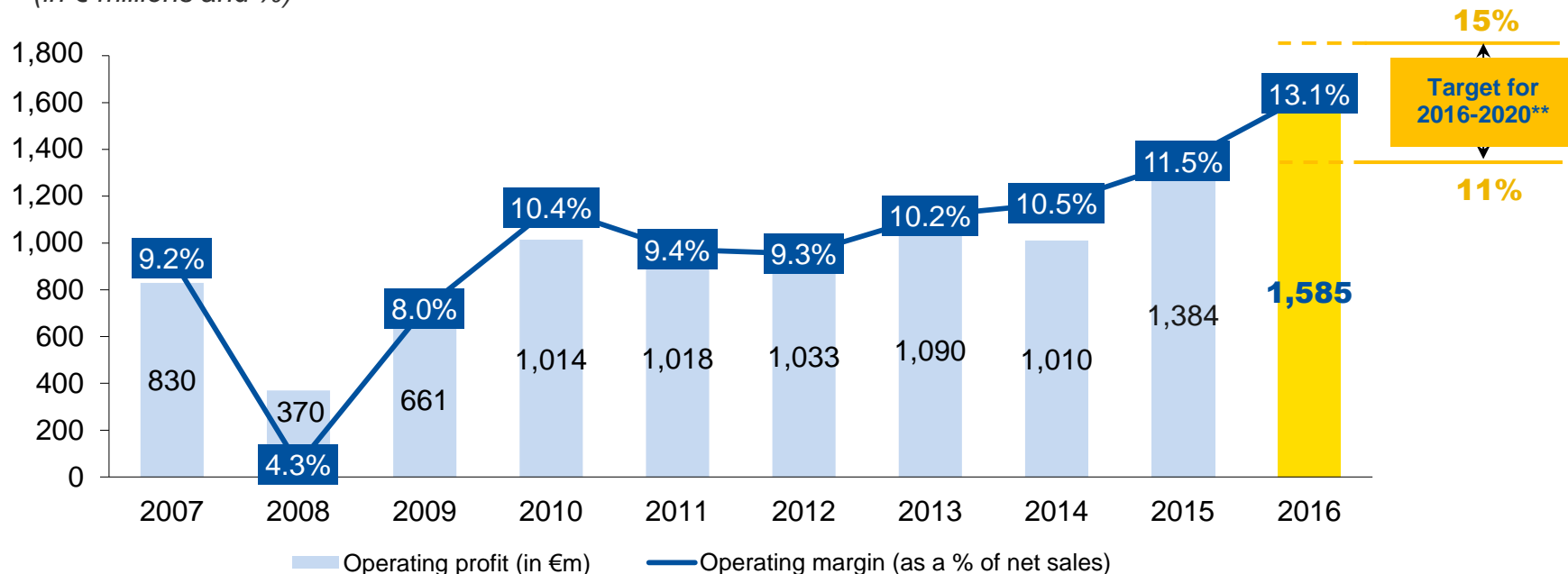


* On recurring activities.

Improving PC margins: product innovation, contribution from the 17" and over strategy, better customer service

▲ RS1 operating income and margin*

(in € millions and %)



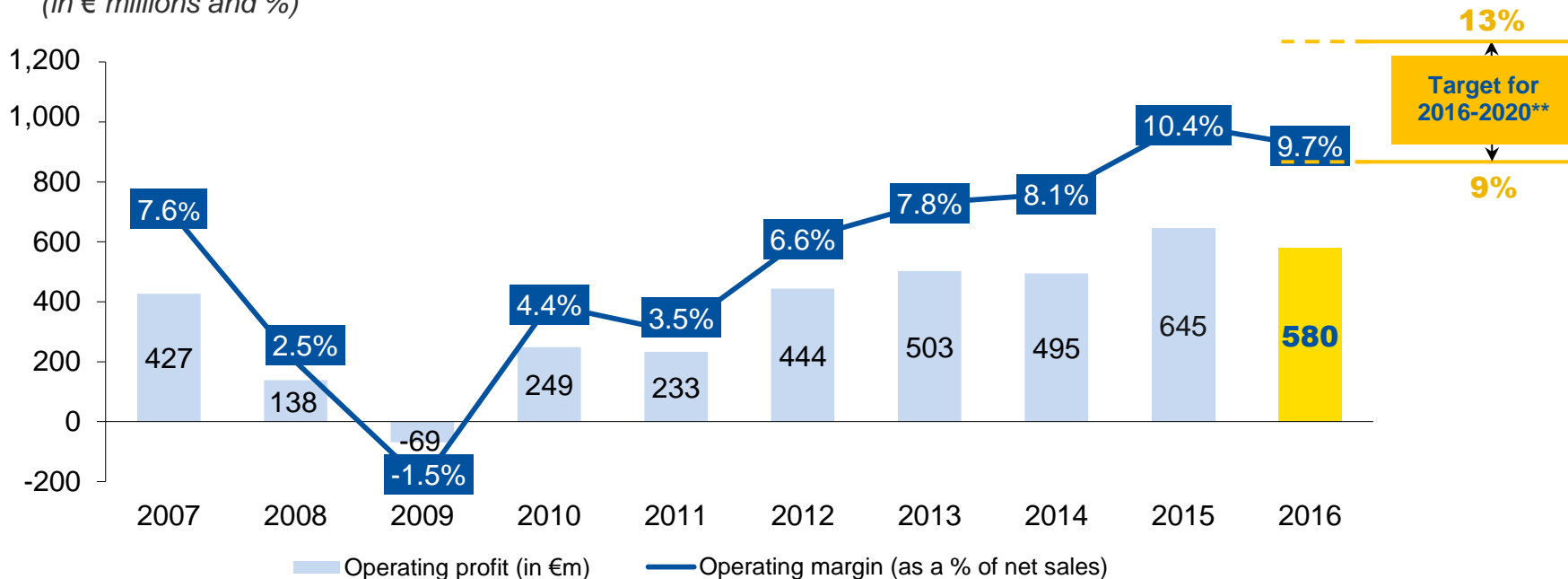
* On recurring activities.

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

Consolidation in TB margin led by competitiveness, product innovation and customer satisfaction

▲ RS2 operating income and margin*

(in € millions and %)



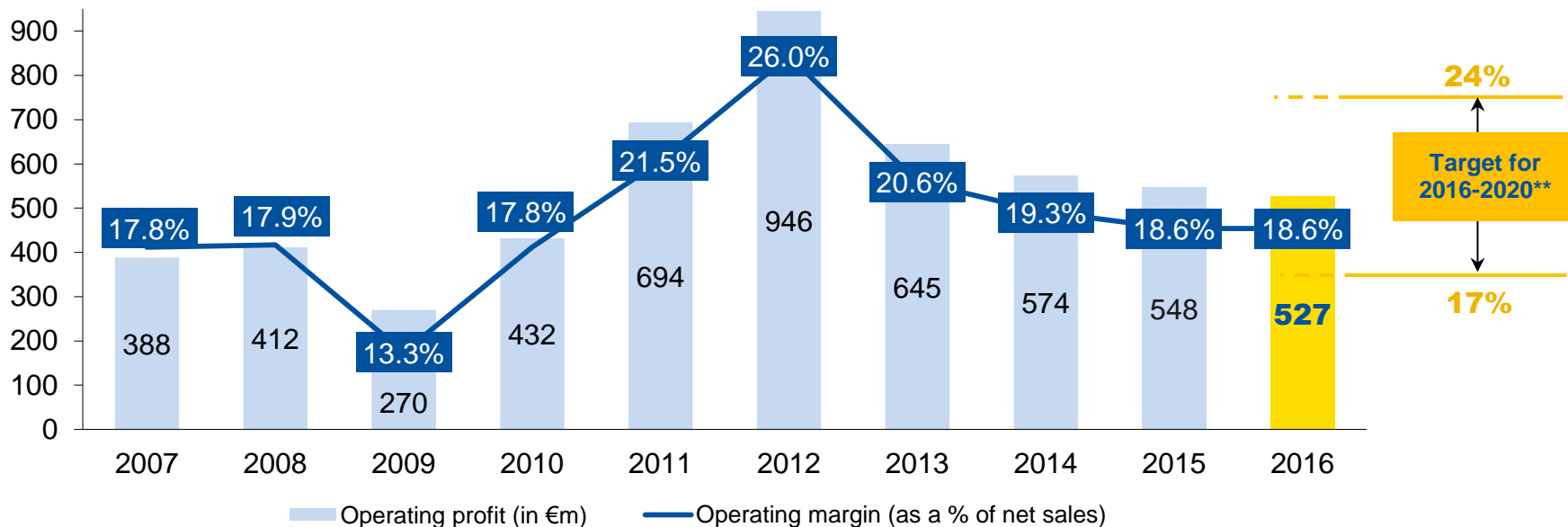
* On recurring activities.

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

Specialty businesses: solid margin resistance in challenging markets

▲ RS3 operating income and margin*

(in € millions and %)



* On recurring activities.

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

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Valérie MAGLOIRE
Matthieu DEWAVRIN
Humbert de FEYDEAU

+33 (0)4 15 39 84 68

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

investor-relations@michelin.com