



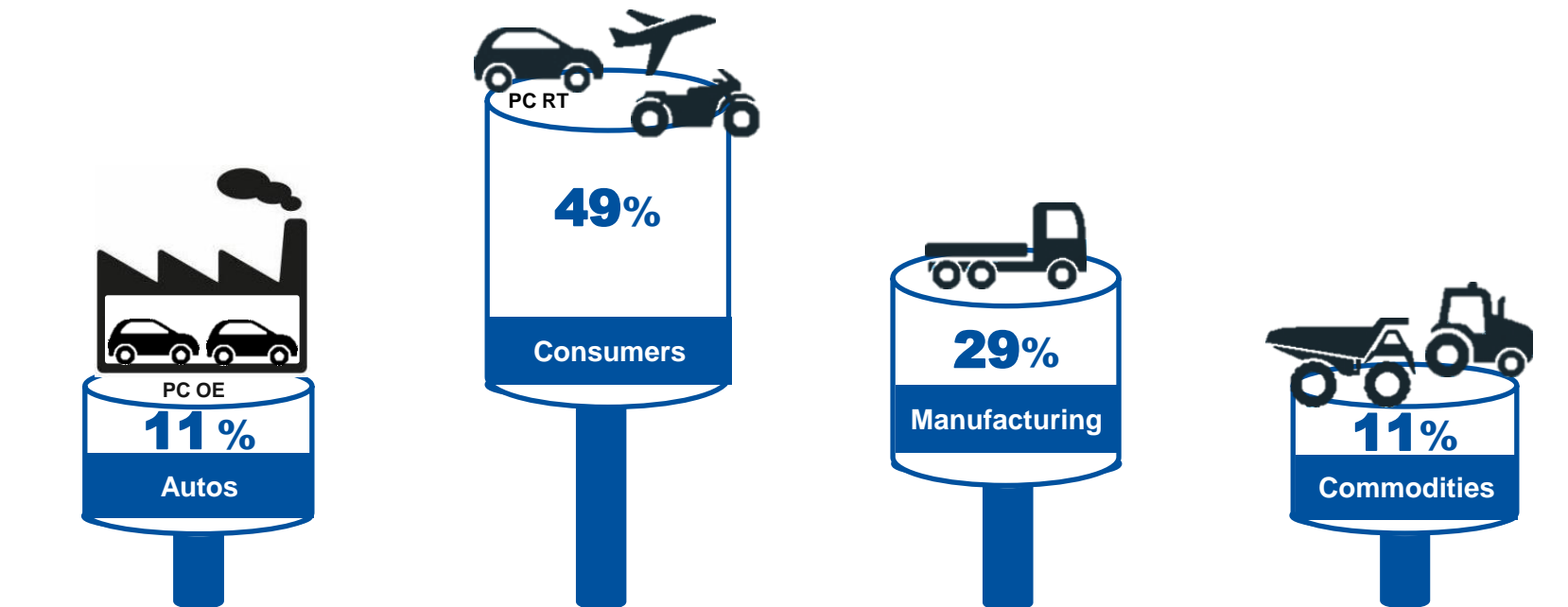
London, December 8, 2016

**Goldman Sachs, 8th Annual Global
Automotive Conference**



A business model strongly linked to consumption

▲ Net sales by drivers

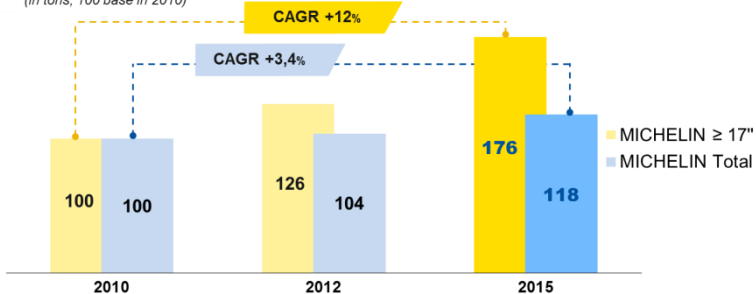


Breakdown of 2015 Net sales

A stronger Group

● RS1 volume growth

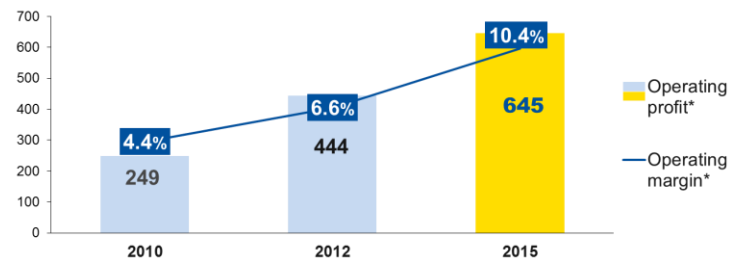
(in tons, 100 base in 2010)



● RS2 operating margin

▲ Operating profit and margin*

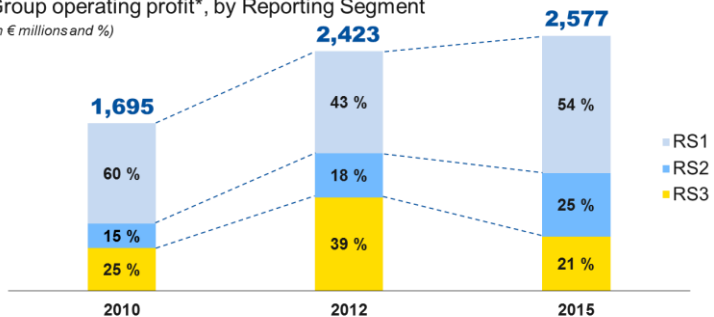
(in € millions and %)



● Margin by RS

▲ Group operating profit*, by Reporting Segment

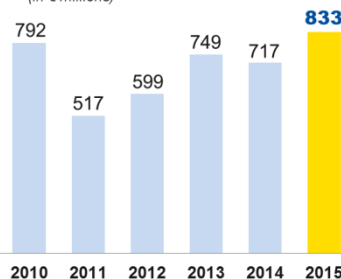
(in € millions and %)



● Structural FCF and ROCE

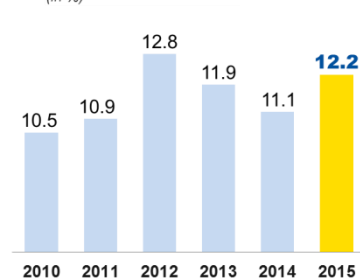
▲ Structural FCF

(in € millions)



▲ ROCE after tax

(in %)



* Before non-recurring items

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Michelin's Strategy

Michelin's value creation strategy

▲ Four domains of growth for 2016-2020

- Provide our customers with tires that truly meet their needs

Increase by 20% our revenue from our tire business

- Develop tire-related services and solutions that further enhance mobility

Double revenue in our services and solutions business

- Strengthen all the activities that enable our customers to enjoy unique mobility experience

Triple the revenue generated by these mobility experience businesses

- Leverage our expertise in high-technology materials – in particular those involving elastomers

Be proactive and assert our technological leadership in the area of high technology materials

MICHELIN CrossClimate, “the ideal ‘all-season’ tire”



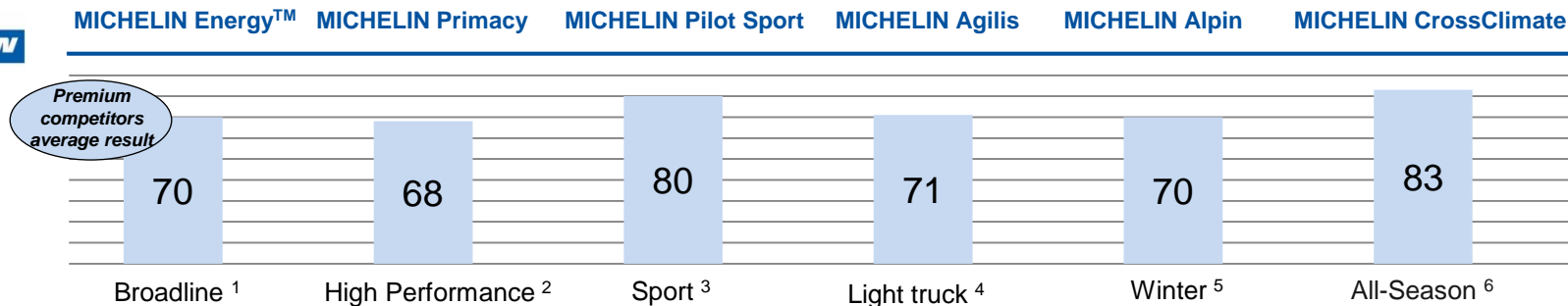
- MICHELIN summer tire with winter certification
- Best ‘all-season’ tire ranked by



“There is only one candidate that meets all the requirements of an ideal, uncompromising ‘all-season’ tire,” says  magazine, “and that’s the MICHELIN CrossClimate.”

Innovation aimed at delivering total performance

▲ Up to 32% more longevity vs Tier 1 Competitors in Europe
(MICHELIN = base 100)



100

MICHELIN CrossClimate:
“Total cost of ownership champion”
 according to **Auto Bild**

MICHELIN TYRES
LAST 8,000 KM LONGER,*
FOR 8,000 MORE KM
OF BEAUTIFUL STORIES.

*SEE LEGAL NOTICES ON WWW.MICHELIN.CO.UK



Source : Ranking based on the results of tests conducted on several times sizes by independant test centers (Dekra 2012-2013-2014, TÜV SÜD Product Service 2010-2011) and press tests (Autobild 2011-2014)

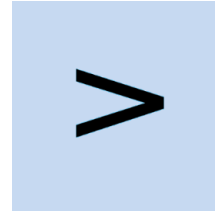
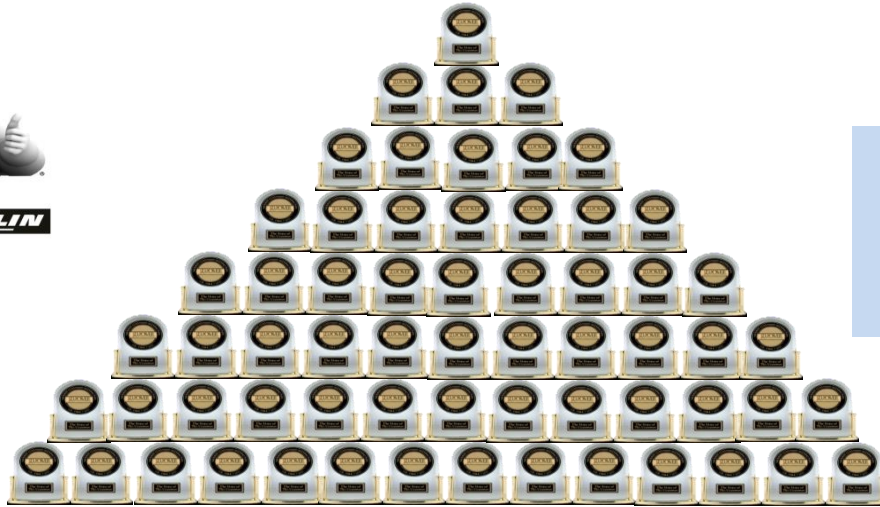
(1) Broadline on 14"/15"/16" – (2) High Performance on 16"/17" – (3) Sport on 18" – (4) Light truck on 16" – (5) Winter on 15"/16"/17" – (6) Test conducted by TÜV SÜD, in July and August 2016, on dimension 205/55R16 on VW Golf 7 vs Premium A/S Competitors



J.D. Power OE Tire Award History

- Since 1989 in the United States, Michelin and BFGoodrich have won 63 of the 76 awards for OE Tire Satisfaction
- This highlights Michelin's commitment to total performance throughout the life of the tire

5x more than the competition combined!



Outperforming new products allowing increased mining productivity



**MICHELIN
XDR 250
50/80 R 57**

- The most productive tire with at least **25% more TKPH*** ... with no trade-off on tire life



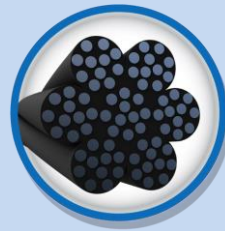
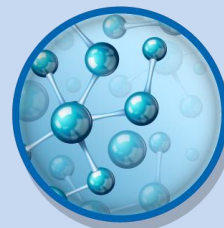
**MICHELIN
XDR 3
40.00 R 57**

3 MAJOR INNOVATIONS:

NEW COMPOUNDS



A NEW TREAD PATTERN



**CORROSION-PROOF
CABLES**

* Ton Kilometer Per Hour

Products, distribution and services matching customer needs to capture growth opportunities



New materials play a dominant role in our innovation

▲ For several reasons:

Strong impact on the performances of our products



Less industrial intrusiveness



Aligned with sustainable development ambitions



2017-2020 levers

- Above market growth in all divisions and positive product mix
- Increased Net Sales and EBIT contribution from service and solutions
- Acceleration in competitiveness ambition
- Capital expenditure in line with scenario already announced
- Initiatives to foster a new Group mindset
 - **Putting our customers at the heart of our business**
 - **Leveraging the digital revolution**
 - **Simplifying our structures and processes**
 - **Empowering employees**

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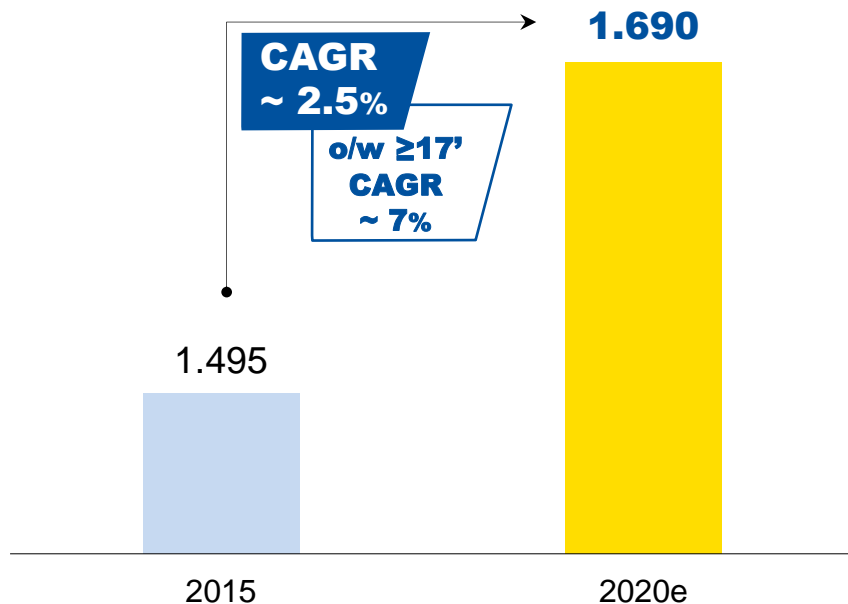


2020 ambitious value creation targets

2015-2020 scenario: a growing worldwide demand

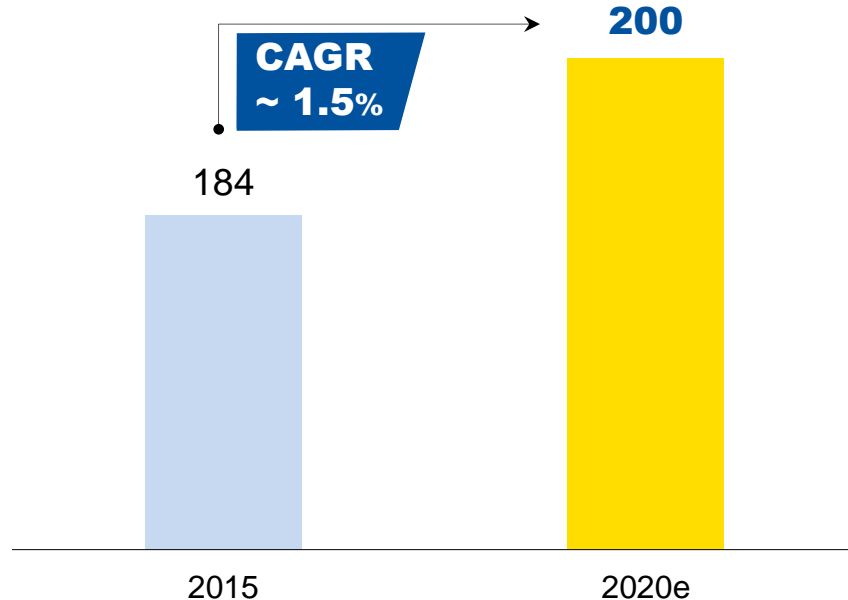
▲ PC OE&RT market projection

(in millions of units)



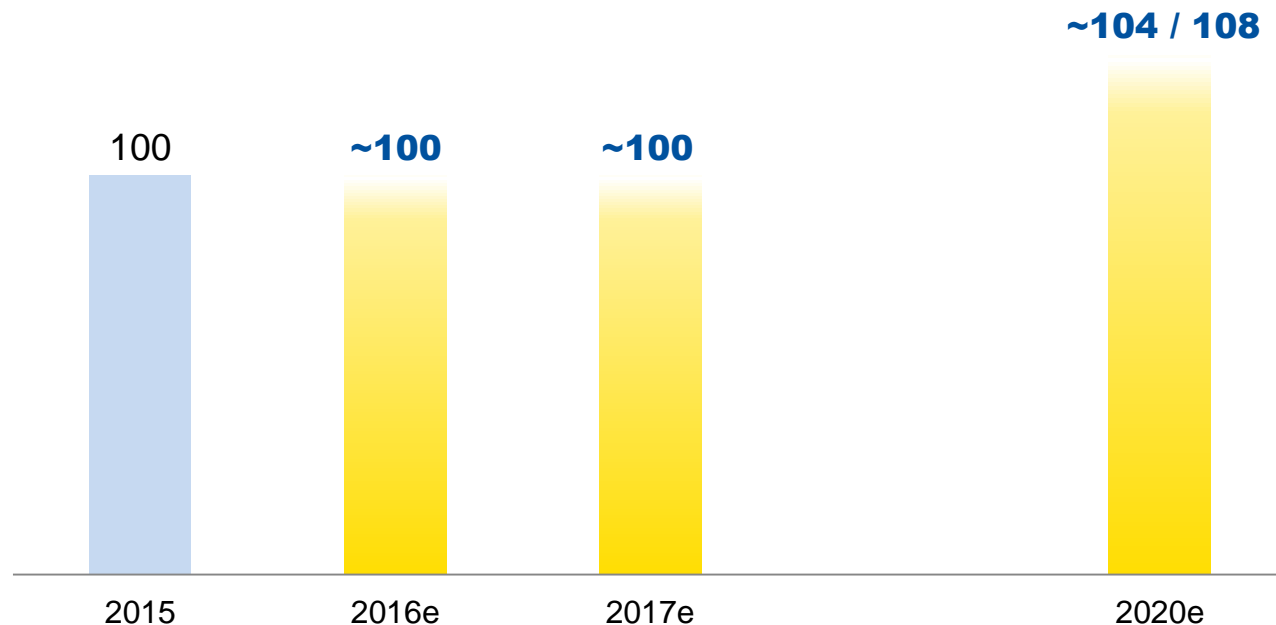
▲ TB OE&RT market projection

(Radial & Bias in millions of units)



Agriculture: a slow worldwide growth assuming stable grain prices

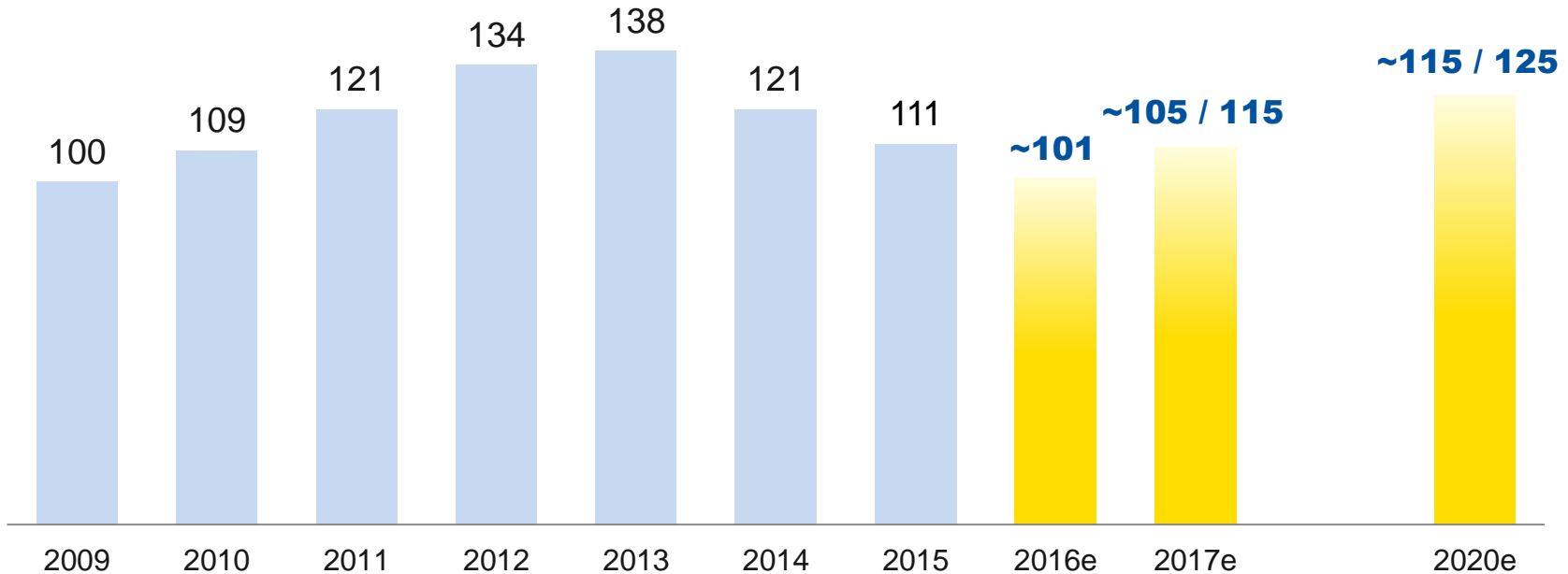
▲ (base 100 in 2015, in tonnes)



* OE & RT in Europe and North America

Mining: 2016 last year of destocking

▲ (base 100 in 2009, in tonnes)



New 2017 – 2020 Competitiveness Plan: accelerating to ~€300m per annum

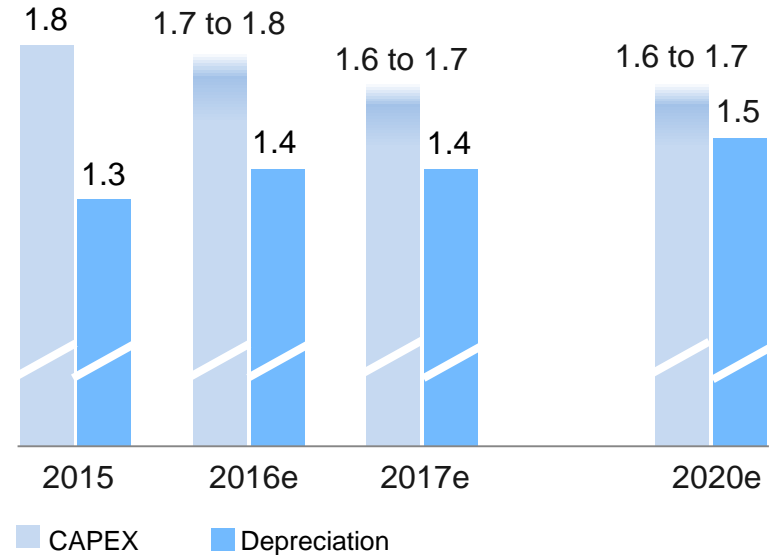
| In €m | Plan 2007-2010 achieved | Plan 2012-2016 Target: €1,200m | | Plan 2017-2020 |
|------------------------|----------------------------|-----------------------------------|-------------|----------------|
| | | 2012-2015 achieved | 2016(e) | |
| SG&A | 251 | 421 | | 500/550 |
| Manufacturing Costs | 406 | 394 | | 450/500 |
| Materials | 365 | 149 | | 150/200 |
| Total | 1,022 | 964 | ~250 | ~1,200 |

Investing to create value

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

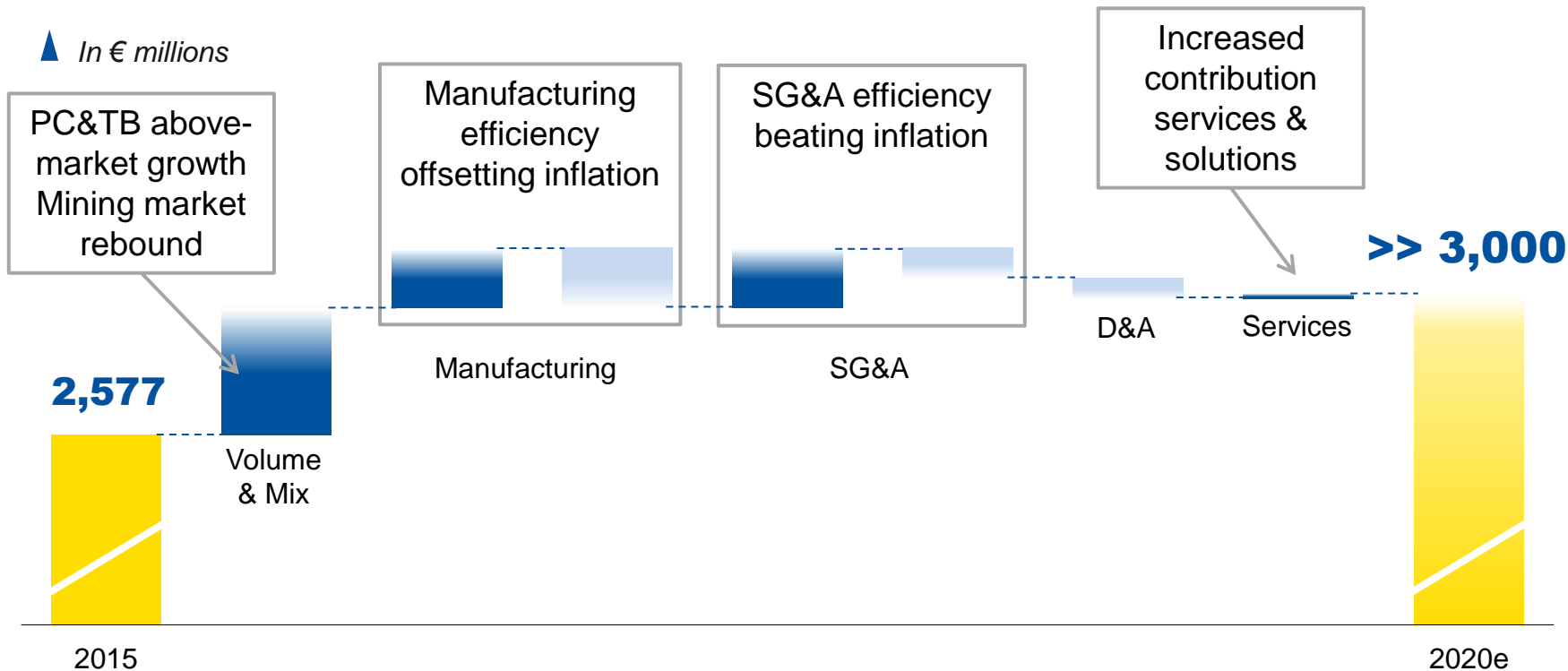


- ▲ Reducing the gap between capital expenditure and depreciation
(in € bn, at constant exchange rates)






2015-2020 organic scenario: Consistency of 2020 financial targets

▲ In € millions



Reporting segment operating margin guidance* for 2016-2020

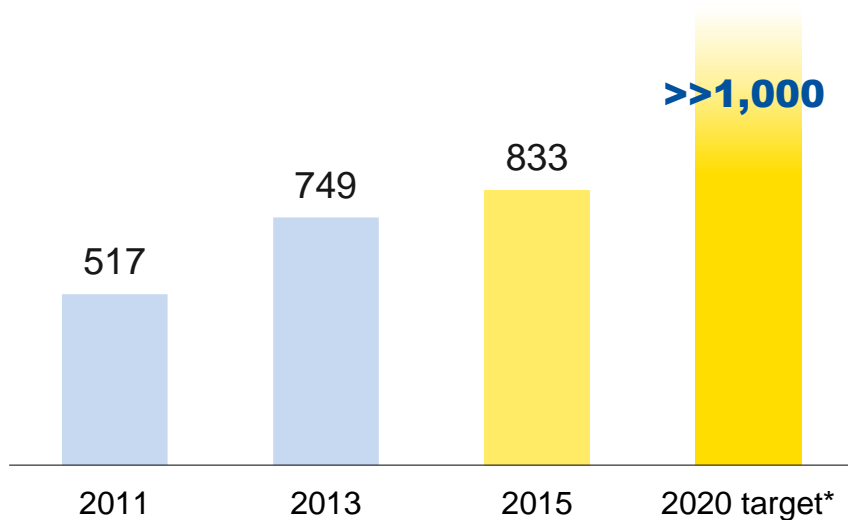
| |  RS1 |  RS2 |  RS3 |
|----------------------------------|--|--|--|
| 2016-2020 target ranges** | Between 11% and 15% | Between 9% and 13% | Between 17% and 24% |

* From recurring activities

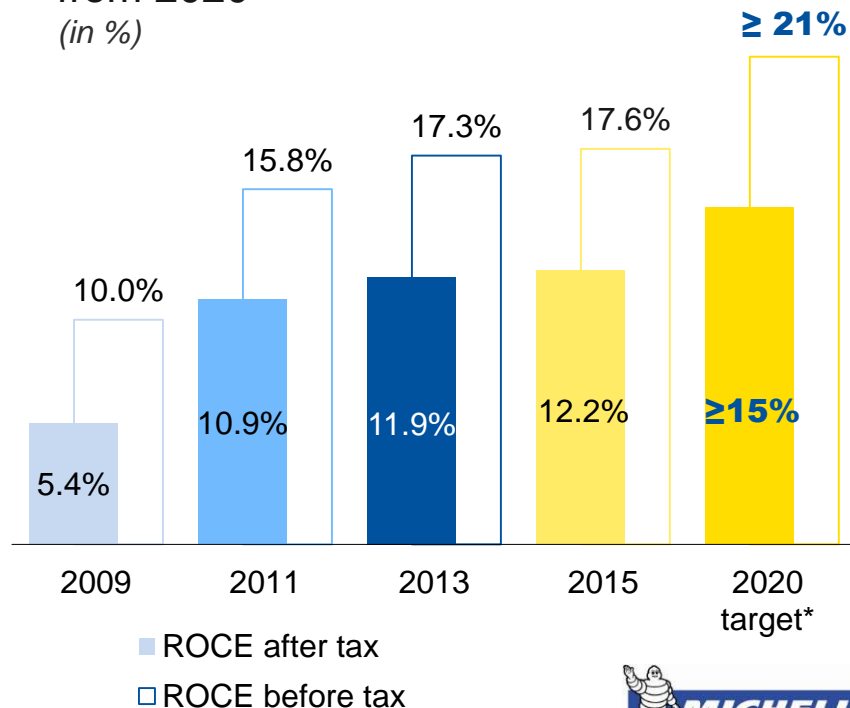
** At constant scope of consolidation and raw materials prices, and with markets expanding by a CAGR of 2.5% in PC tires and of 1.5% in Truck tires

2020: ambitious value creation targets

▲ Deliver over €1bn of structural Free cash flow from 2020*
(in € millions)



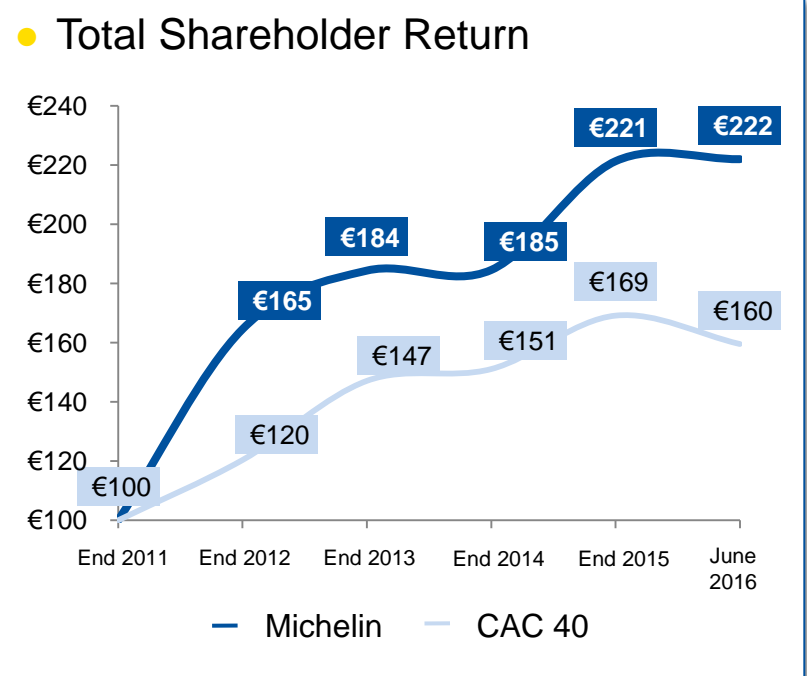
▲ Deliver a ROCE (after tax) $\geq 15\%$ from 2020*
(in %)



* At constant scope of consolidation

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

- Share buyback program
 - €451m committed in 2015
 - 4,961,534 shares bought back at an average price of €90.72, all shares cancelled in December 2015.
 - €300m committed in 2016
 - 3,347,040 shares bought back at an average price of €89.63, all shares to be cancelled in December 2016.
- Pay-out commitment
 - At least 35% of net earnings excluding non recurring items



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2 / 2016 guidance confirmed

Adjusted 2016 markets outlook



PASSENGER CAR: ~ +2%

Old: +1% / +3 %

- OE: Growth in mature zones, China and India
- RT: Demand momentum in Western Europe and North America driven by low tier segments. Sustained growth in China



TRUCK: ~ -2%

Old: -2% / 0%

- OE: Growth in Western Europe and in India, decrease in North America on high levels
- RT: Increasing markets in Western Europe and in North America on high low-tier imports. Down in China, the world's largest market



SPECIALTY: -4% / -5%

Old: -2% / -5%

- Mining tires: demand down as mining companies complete inventory drawdowns
- Earthmover slowdown
- Agricultural tires*: declining OE markets
- Aircraft** and Two-Wheel*** tires: continued growth

* Europe and North America

** Commercial aircraft

*** Motorcycle tires in Europe, USA and Japan

2016 guidance confirmed

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

* \geq for H2

Updated EBIT scenario based on the improved Price-mix/Raw Materials and on September data

| <i>(in € millions)</i> | H1 2016 | FY 2016 | |
|-------------------------------------|---------|----------|-------------------------------|
| | | old | new |
| Raw Materials | +339 | ~ +450 | ~ +550 |
| Net Price-mix / Raw Materials | +115 | Positive | Positive > +150 |
| Competitiveness plan / inflation | +13 | Neutral | Neutral |
| Currency effect | -98 | ~ -200 | ~ -160 |



MICHELIN

PILOT SPORT 4 S 

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Appendices

Passenger car Tire Market: October markets in line with 3rd quarter, stable in mature countries and decreasing in the European winter segment. Still strong demand in China.

▲ October 2016/2015

| % YoY change in number of tires | Europe including Russia & CIS* | Europe excluding Russia & CIS* | North America | Brazil | China |
|---------------------------------|--------------------------------|--------------------------------|---------------|--------|--------|
| Original equipment | ▲ +1% | ▲ +2% | ▼ -1% | ▲ +4% | ▲ +18% |
| Replacement | ▼ -1% | ▼ -1% | ▲ +2% | ▼ -7% | ▲ +7% |

▲ YTD October 2016

| % YoY change in number of tires | Europe including Russia & CIS* | Europe excluding Russia & CIS* | North America | Brazil | China |
|---------------------------------|--------------------------------|--------------------------------|---------------|--------|--------|
| Original equipment | ▲ +4% | ▲ +5% | ▲ +1% | ▼ -15% | ▲ +14% |
| Replacement | ▲ +1% | ▲ +3% | ▲ +1% | ▼ -5% | ▲ +8% |

* Turkey included

Truck & Bus Tire Market: Strong decrease in OE demand. On RT markets: technical rebound in Europe on low basis for comparison and continuing mechanical contraction in North America after H1 pre-buy ahead of import duties implementation on Chinese made tires.

▲ October 2016/2015

| % YoY change in number of tires (Radial + Bias) | Europe including Russia & CIS* | Europe excluding Russia & CIS* | North America | Brazil |
|---|--------------------------------|--------------------------------|---------------|--------|
| Original equipment | ▼ -11% | ▼ -12% | ▼ -24% | ▼ -10% |
| Replacement | ▲ +1% | ▲ +7% | ▼ -9% | ▼ -2% |

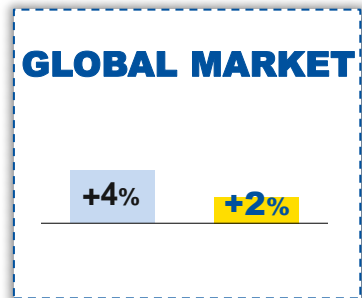
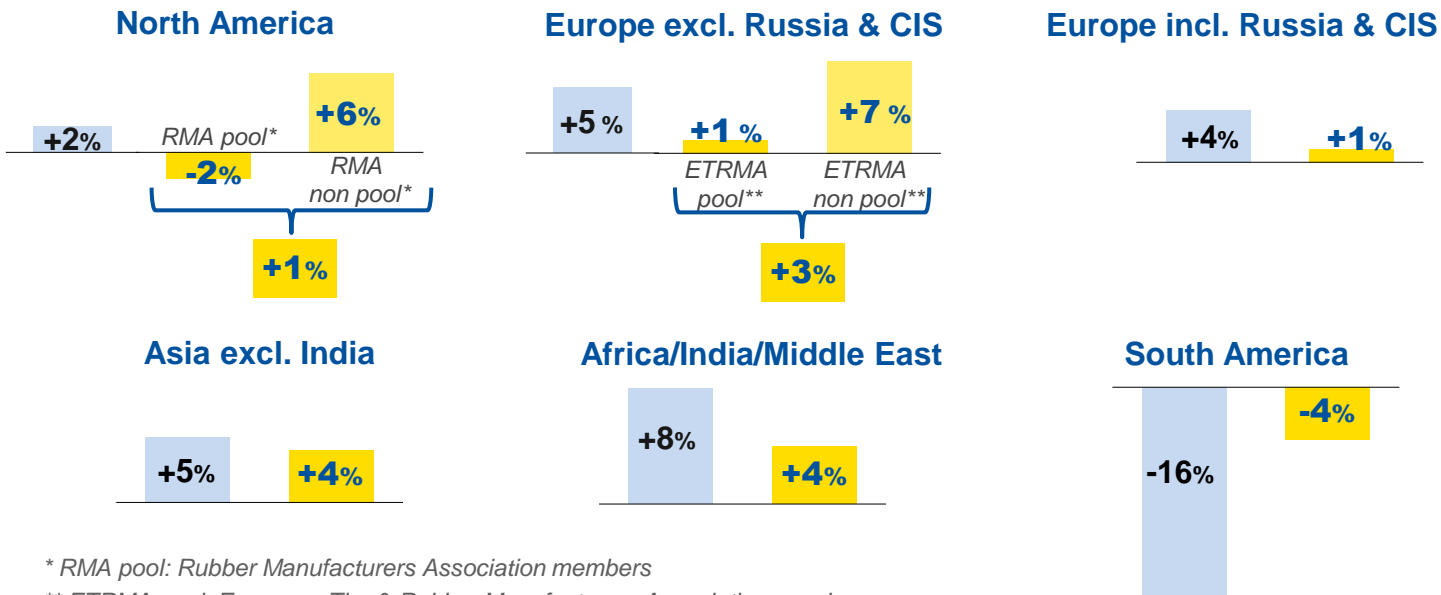
▲ YTD October 2016

| % YoY change in number of tires (Radial + Bias) | Europe including Russia & CIS* | Europe excluding Russia & CIS* | North America | Brazil |
|---|--------------------------------|--------------------------------|---------------|--------|
| Original equipment | ▲ +2% | ▲ +2% | ▼ -18% | ▼ -20% |
| Replacement | ▲ +4% | ▲ +5% | ▲ +2% | ▲ +0% |

* Turkey included

PC tires: growth in Western Europe and North America driven by low-tier segments, growing emerging markets excl. South America

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



* RMA pool: Rubber Manufacturers Association members

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

Source Michelin

■ OE ■ RT



Truck tires: global market down driven by Americas OE and China



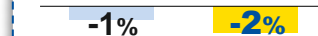
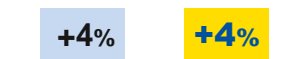
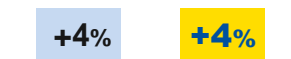
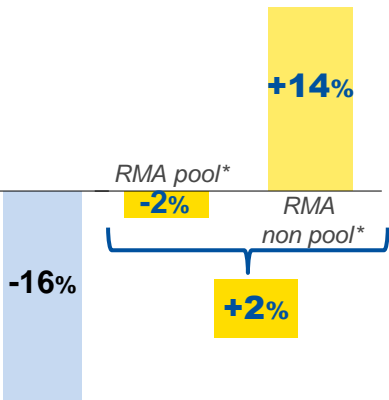
▲ Truck tires market at September 30, 2016
(YoY in %, in number of new tires)

North America

Europe excl. Russia & CIS

Europe incl. Russia & CIS

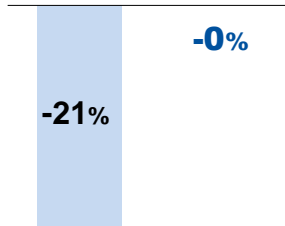
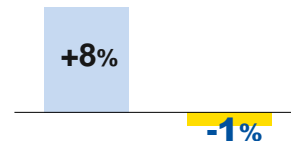
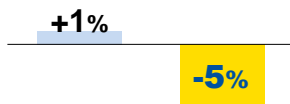
GLOBAL MARKET



Asia excl. India

Africa/India/Middle East

South America



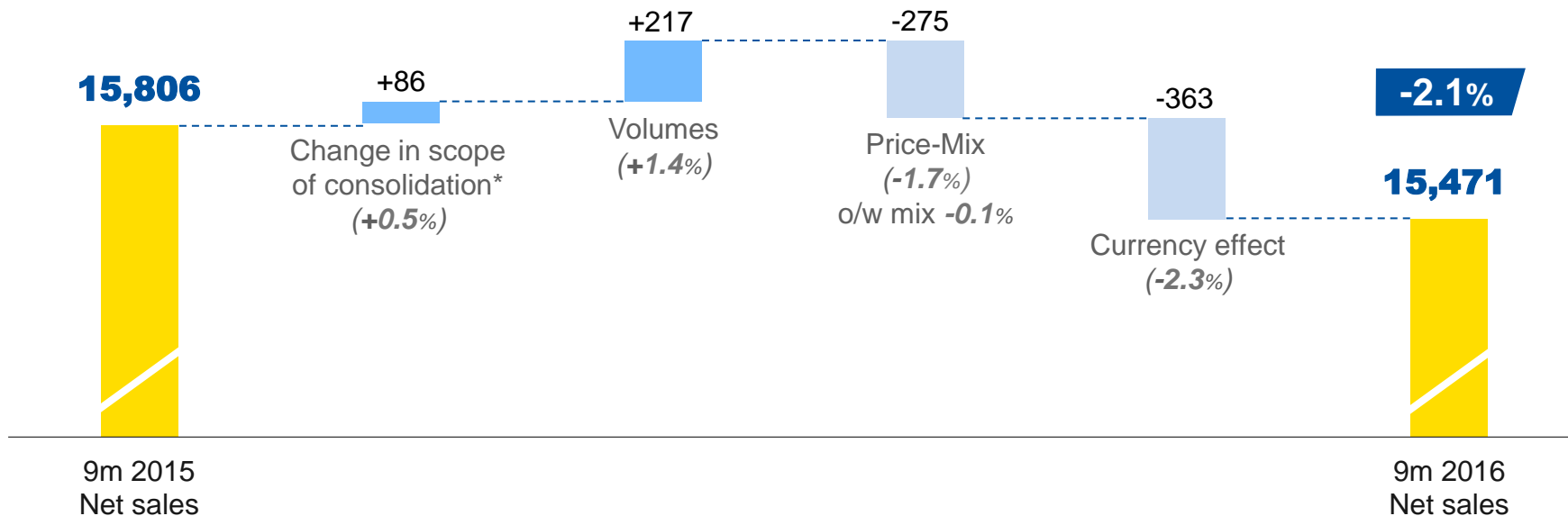
* RMA pool: Rubber Manufacturers Association members

Source Michelin

■ OE ■ RT

Focused pricing management and better mix supporting net sales and driving better margins

▲ YoY change
(in € millions and %)

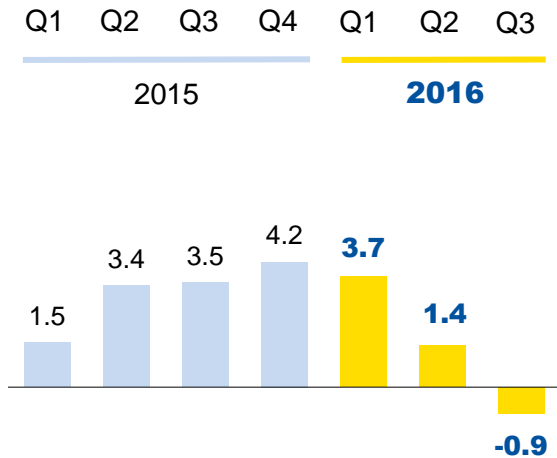


* Meyer Lissendorf, Blackcircles, BookaTable

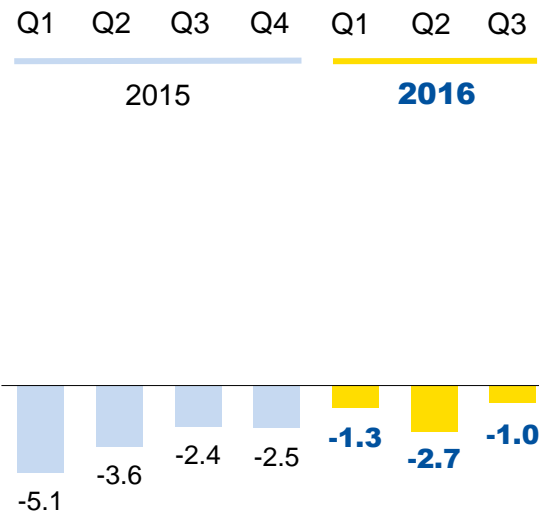
Improvement in prices and the mix in a lackluster Q3 market environment

▲ YoY quarterly change
(in %)

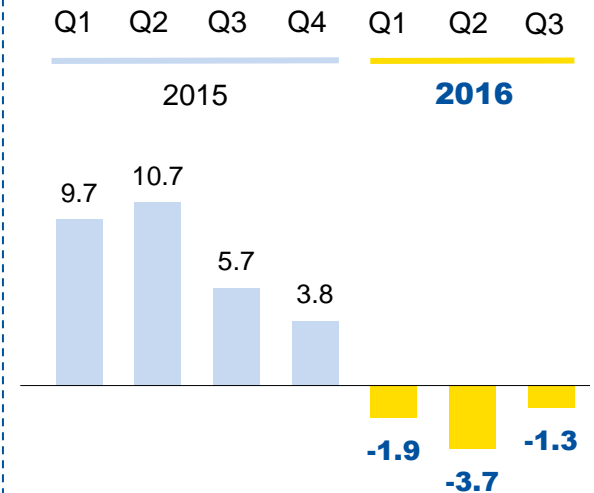
Volumes



Price-Mix



Currency effect



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

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



Continuation of the initiatives underway for the past five years: a rationalized industrial footprint

- After restructuring PC/LT operations, continuation in the truck division (closure of 10 PC/LT plants and 11 Trucks plants over 2005 - 2016)
- Competitiveness agreements in Europe (France, Germany, Spain, ...)

Plant Closures

| | |
|------|---|
| 2005 | Truck tires, Poitiers (France) Semi-finished products, Trento (Italy) |
| 2006 | Passenger car tires, Kitchener (Canada) Passenger car tires, Bourges (France) |
| 2007 | Passenger car tires, Toul (France) Truck & Passenger car tires, Port Harcourt (Nigeria) Passenger car tires, Lasarte (Spain) Passenger car tires, Mogadore, Ohio (USA) Semi-finished products, Budapest (Hungary) |
| 2008 | Passenger car tires, Turin (Italy) |
| 2009 | Passenger car tires, Lille (France) Passenger car tires, Ota (Japan) Retread operations, Queretaro (Mexico) Passenger car tires, Opelika (USA) |

Plant Closures

| | |
|------|---|
| 2013 | Truck tires, Hussein Bay (Algeria) Truck & Passenger car tires, Cali, Bogota (Columbia) Truck tires, Tours (France) |
| 2014 | Passenger car tires, Pictou (Canada) Truck tires, Budapest (Hungary) |

Announced Plant Closures

| | |
|------|--|
| 2015 | Truck tires retread, Oranienburg (Germany) by 2016 Truck tires retread, Alessandria (Italy) by 2016 Semi-finished products, Fossano (Italy) by 2016 Truck tires, Ballymena (UK) by 2018 |
| 2016 | Truck tires retread, La Combaude (France) by 2017 |

Continuation of the initiatives underway for the past five years: increase in average plant size

- Plants exceeding 100,000 T/yr account for an increasing percentage of consolidated output

Production of plants exceeding 100,000 T/yr

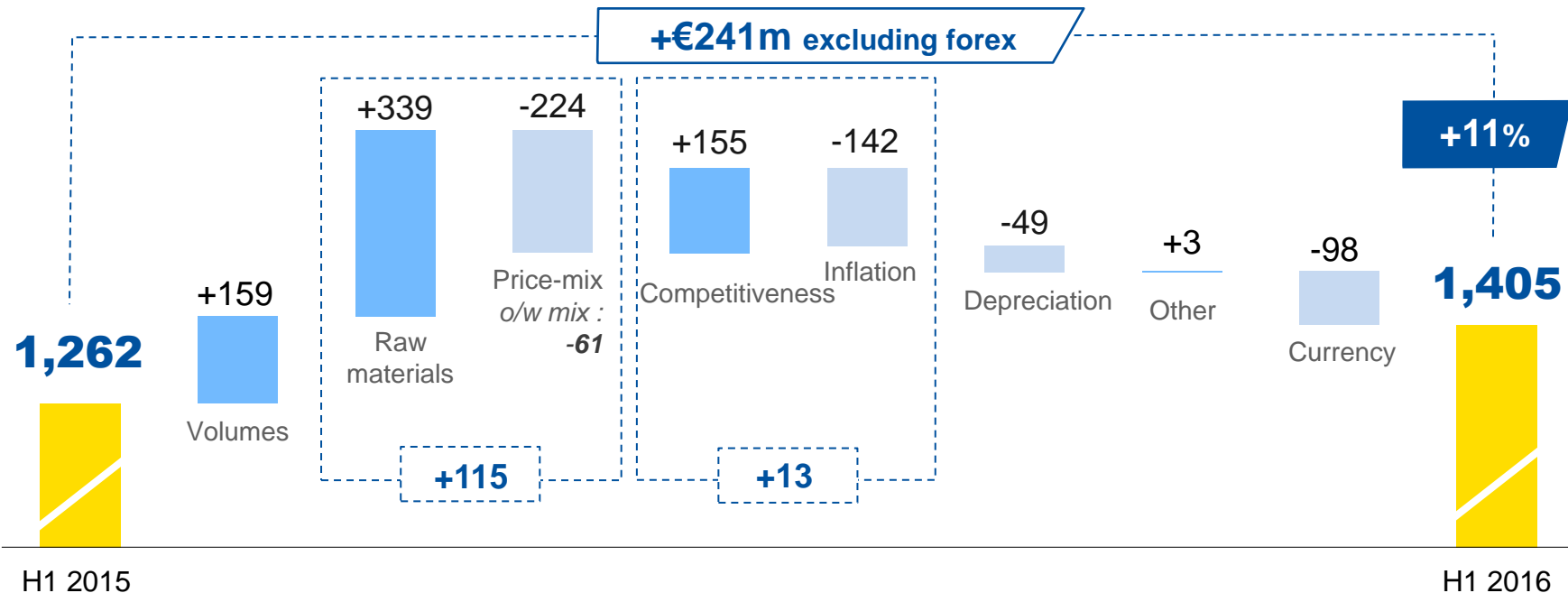
| | 2012 | 2015 | 2020 | 2020 (excl. niche product plants) |
|------------------------------|------|------|------|---|
| Number of plants | 12 | 15 | 18 | 18 |
| Share of consolidated output | 49% | 65% | 70% | 75% |
| Capacity utilization | 75% | 87% | 93% | 93% |

H1 2016 Operating income of €1.4bn, up a sharp €241m at constant exchange rates

- Volumes up 2.5%, beating the market in every segment
- 13.7% operating margin from recurring activities, up 1.7 points
- Changes in the price mix / raw materials effect had a positive impact of €115m, thanks to effective management and a favorable basis of comparison
- €155m in gains from the competitiveness plan offset inflation
- Positive free cash flow of €8m, representing a €108m improvement from first-half 2015 before acquisitions

Operating income up €241m at constant exchange rates

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

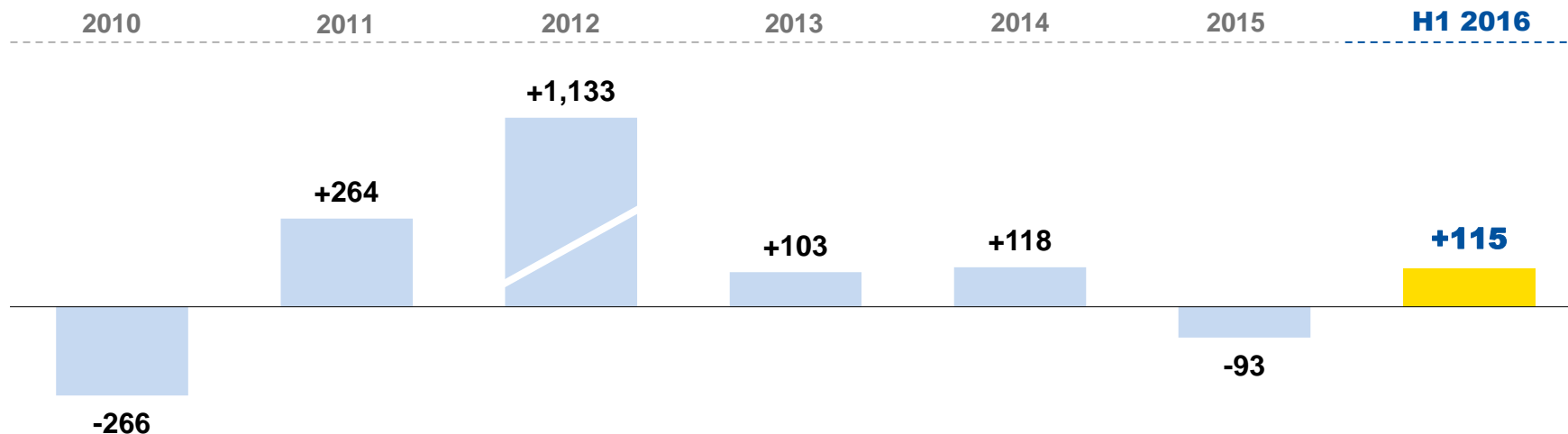


* To make its operating performance easier to understand and analyze, Michelin now presents "Operating income before non-recurring income and expenses" as "Operating income from recurring activities" and has refined its definition.

Improvement in unit margin due to effective pricing management over time

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

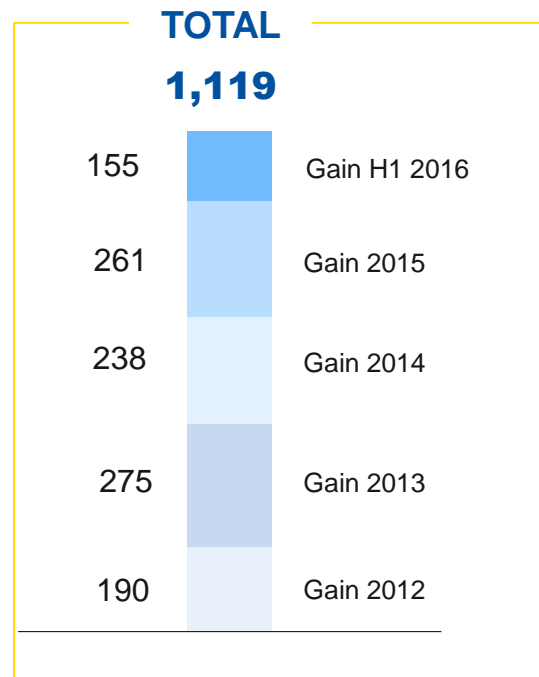
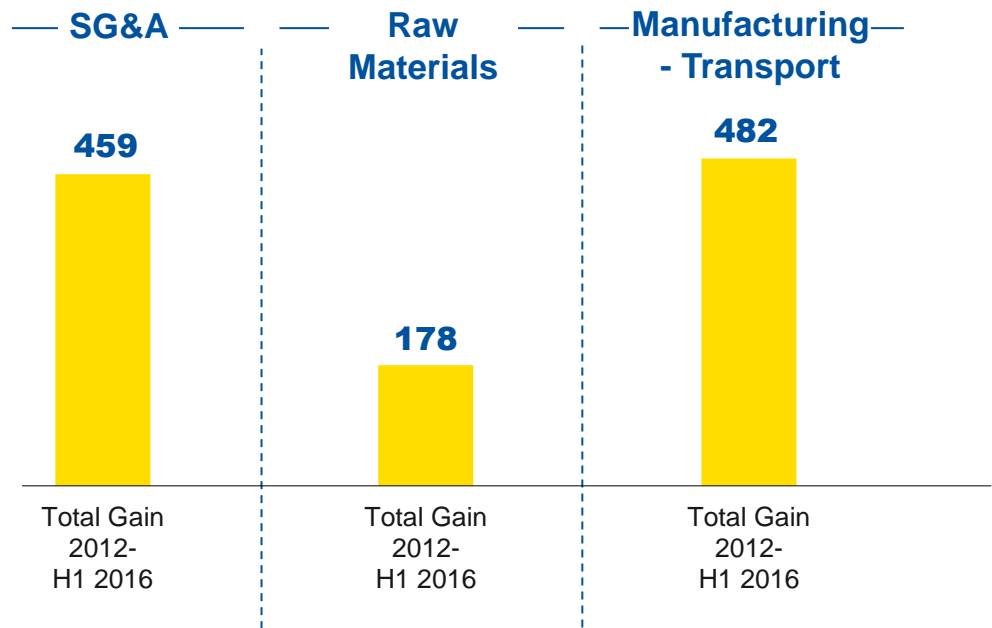
(in € millions)



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

Competitiveness plan on track to reach €1.2bn target

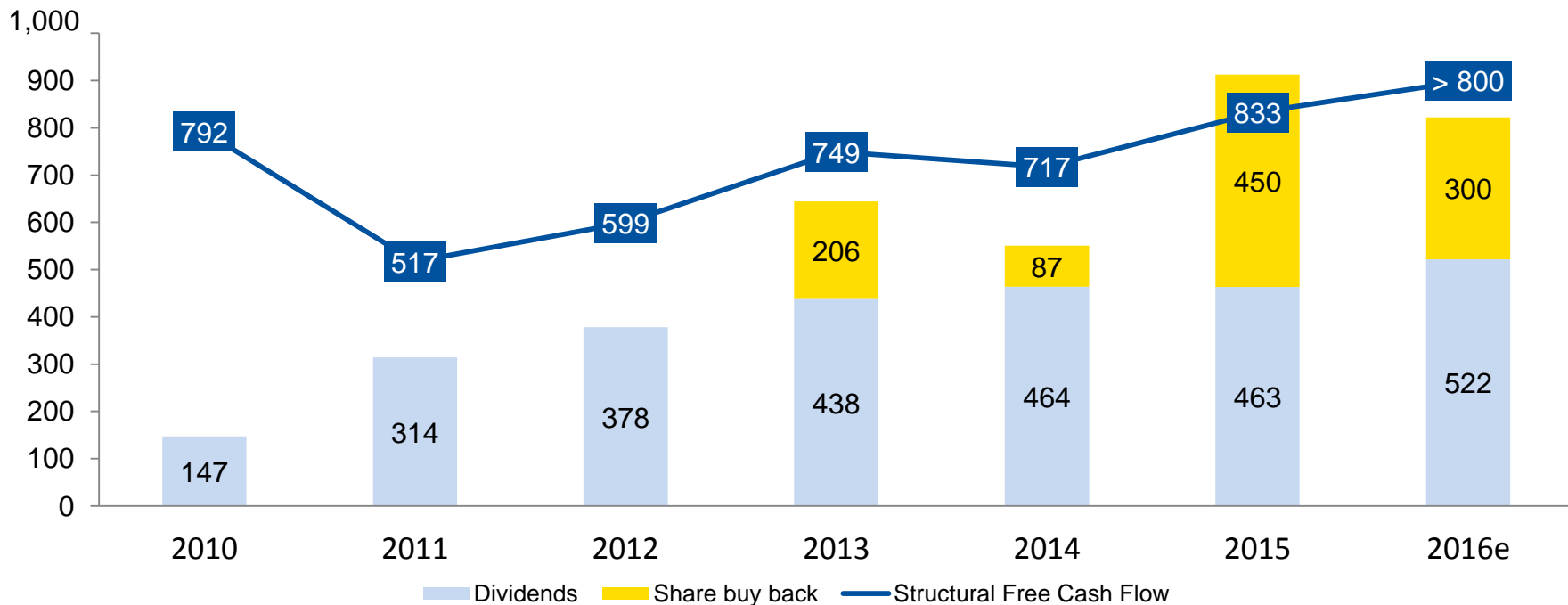
▲ Gain objectives* 2012-2016: €1,200m



* Before inflation and including avoided costs

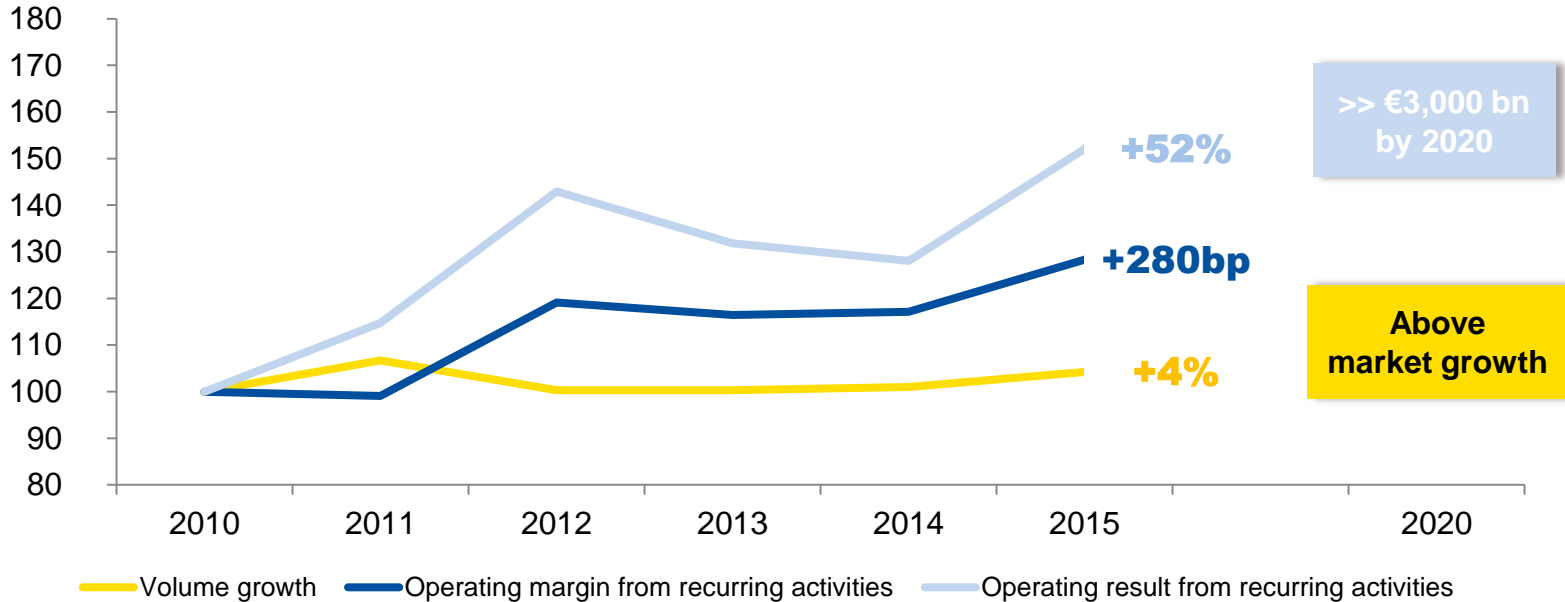
Solid cash generation committed to shareholders

● In € millions



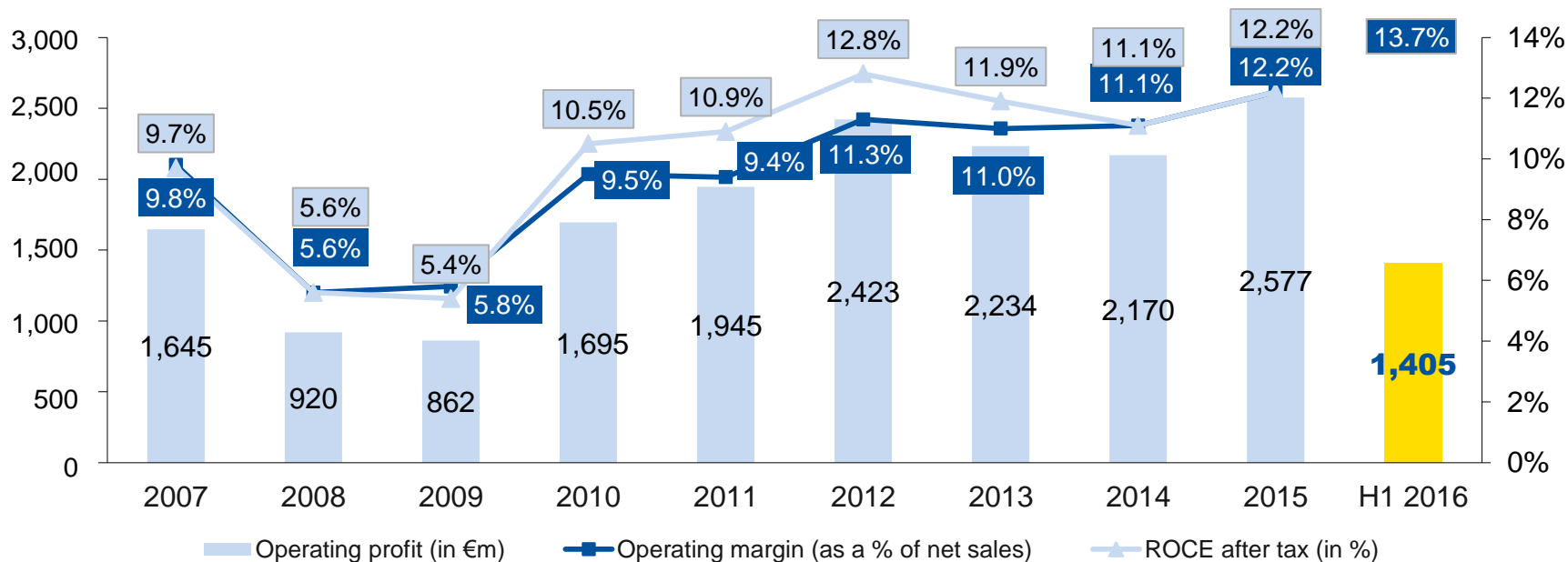
Profitable growth ambition

- Base 100 in 2010



A stronger Group with improving profitability

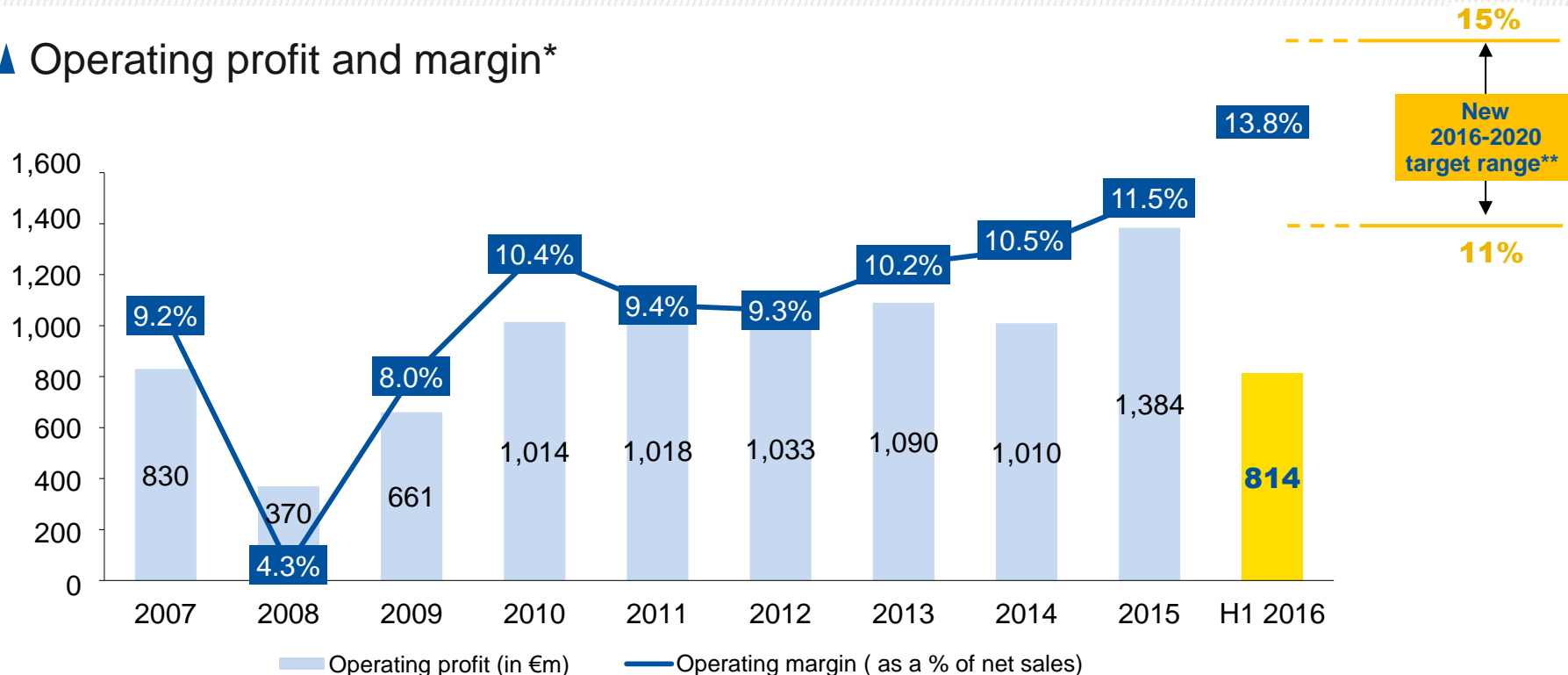
▲ Operating profit and margin* & ROCE



* Before non-recurring items

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

▲ Operating profit and margin*

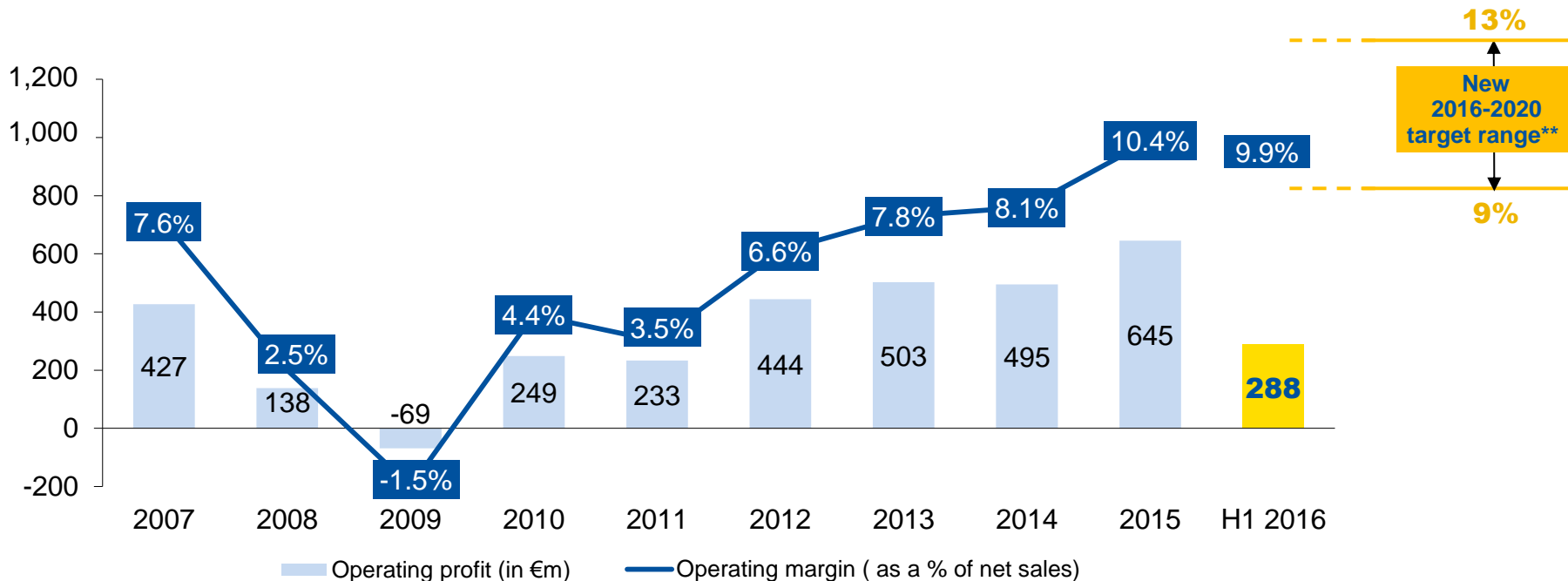


* Before non-recurring items

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

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

▲ Operating profit and margin*

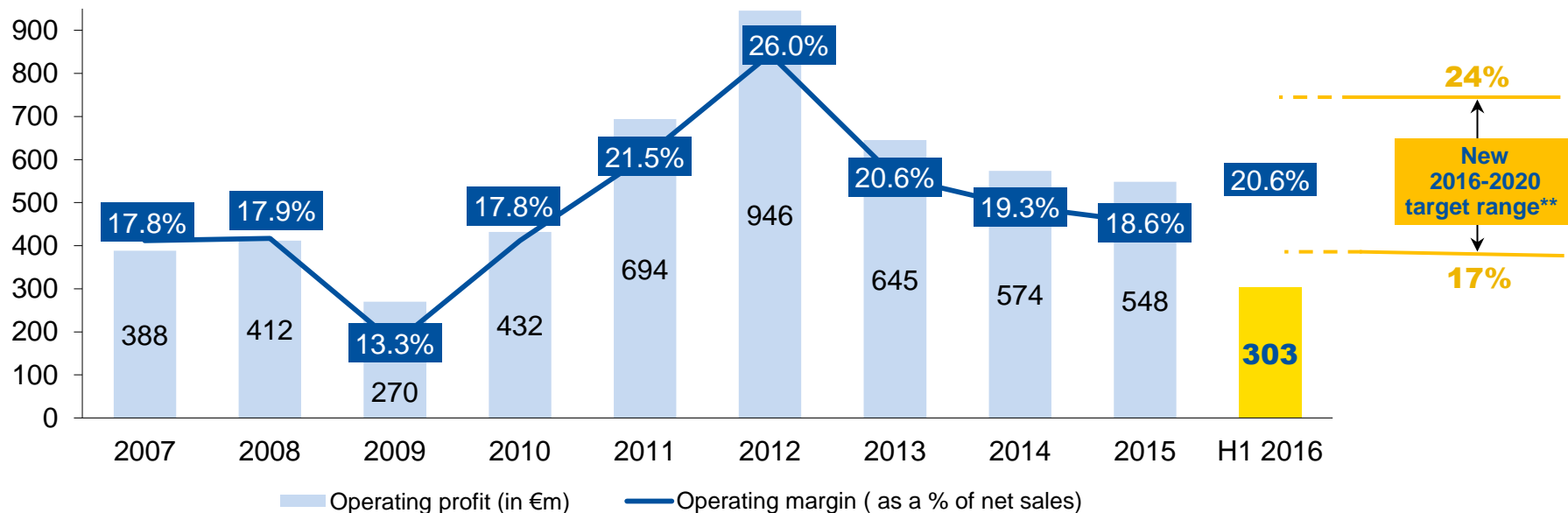


* Before non-recurring items

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

Specialty: resilient profitability in a challenging environment

▲ Operating profit and margin*

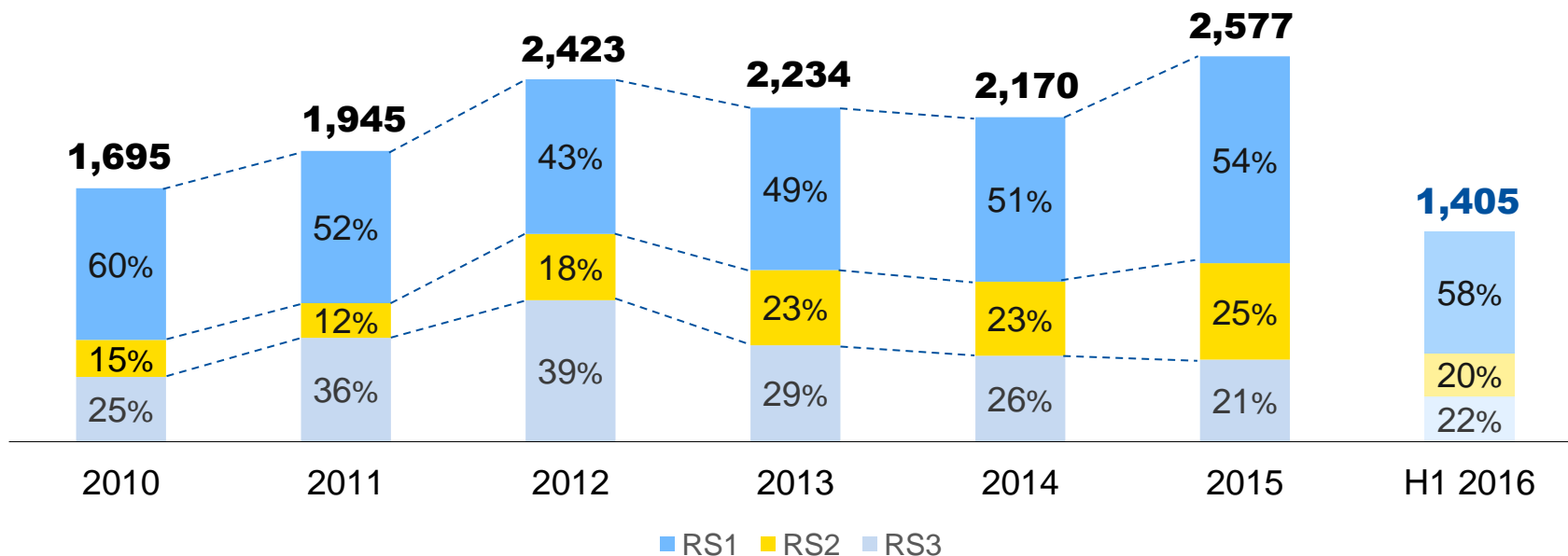


* Before non-recurring items

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

Strong operating profit growth through diversified and worldwide footprint

▲ Group operating profit*, by Reporting Segment (in € millions and %)



* Before non-recurring items

Disclaimer

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