



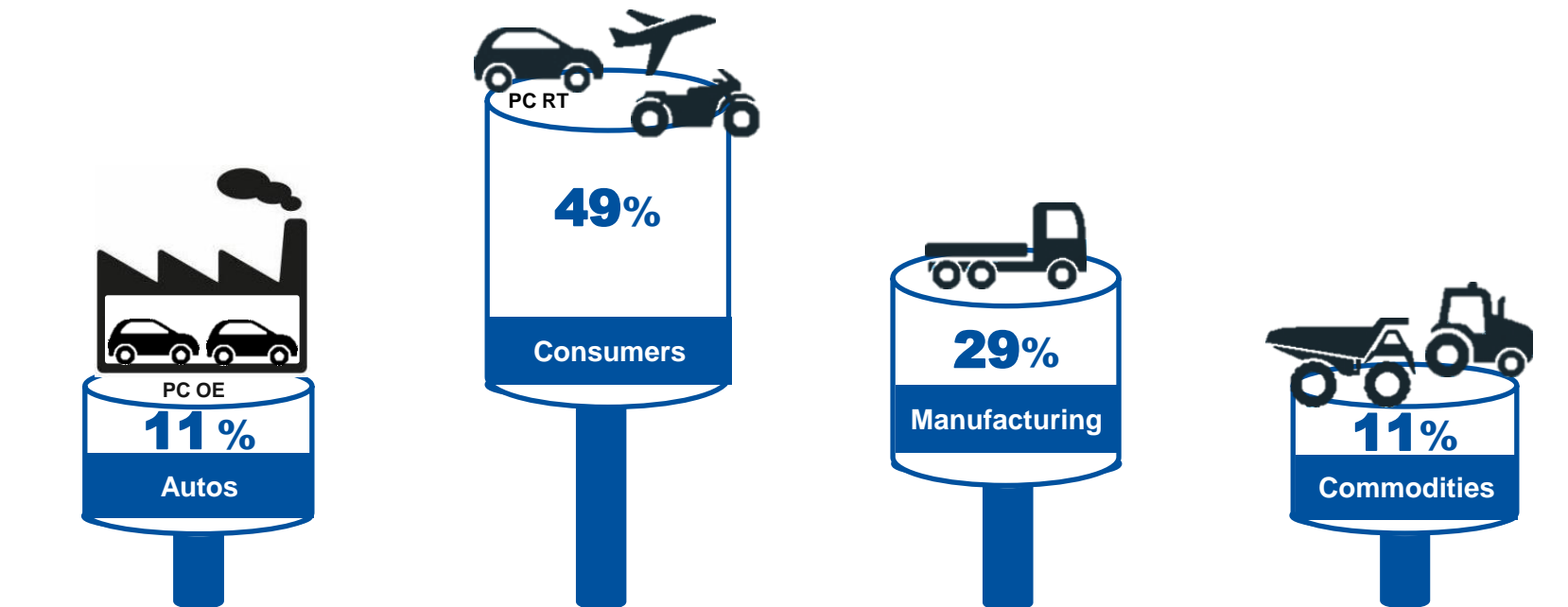
Natixis - September 27, 2016

CONFERENCE INDUSTRIALS 2016 - Paris



A business model strongly linked to consumption

▲ Net sales by drivers



Breakdown of 2015 Net sales

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Michelin's Strategy

Michelin's 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

2013-2015: average of 4 breakthrough innovations per year with “Game Changer” impact

Passenger Car

MICHELIN Premier A/S



2014

MICHELIN Alpin5 DT



2015

MICHELIN CrossClimate



2015

Premium Touch



2014

Selfseal®



2015

Cavity Foam « Acoustic »



2015

Truck & Bus

MICHELIN X® Line Tropic™



2013

Convoy TripleA



2015

X-One Urban bus



2015

MICHELIN X Multi3D



2015

Specialties



MICHELIN Pilot Road4 2CT Techno



2014



MICHELIN XDR250



2015



MICHELIN AxioBib IF900/65R46



2013

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

Services

- Offering innovative services to improve mobility



Distribution

- Reinforcing our market access through a vast worldwide dealer network and new distribution channels



Product offer

- Developing profitable Tier 2 / Tier 3 brands to better serve Distribution



Innovation

- Strengthening the MICHELIN brand technological leadership



CROSSCLIMATE



TWEEL

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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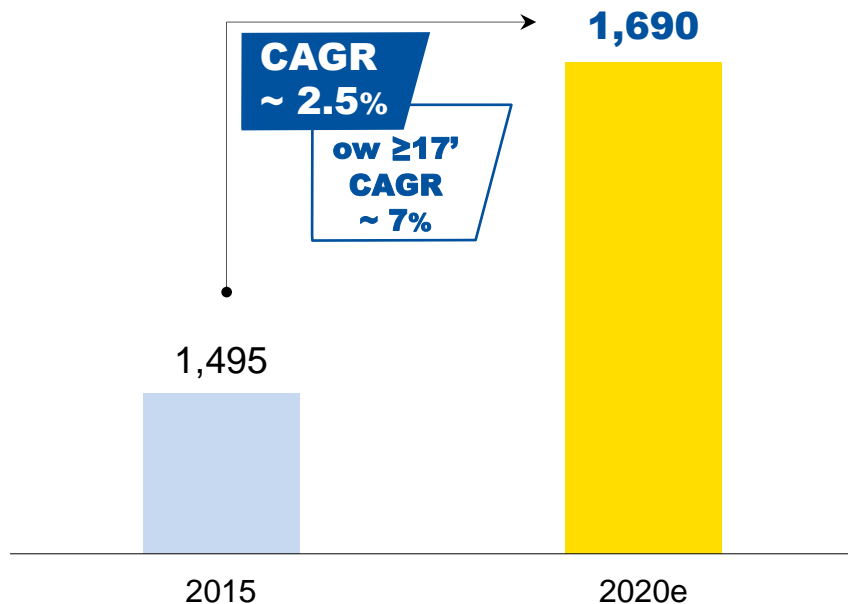


2020 ambitious value creation targets

2015-2020 scenario: a growing worldwide demand

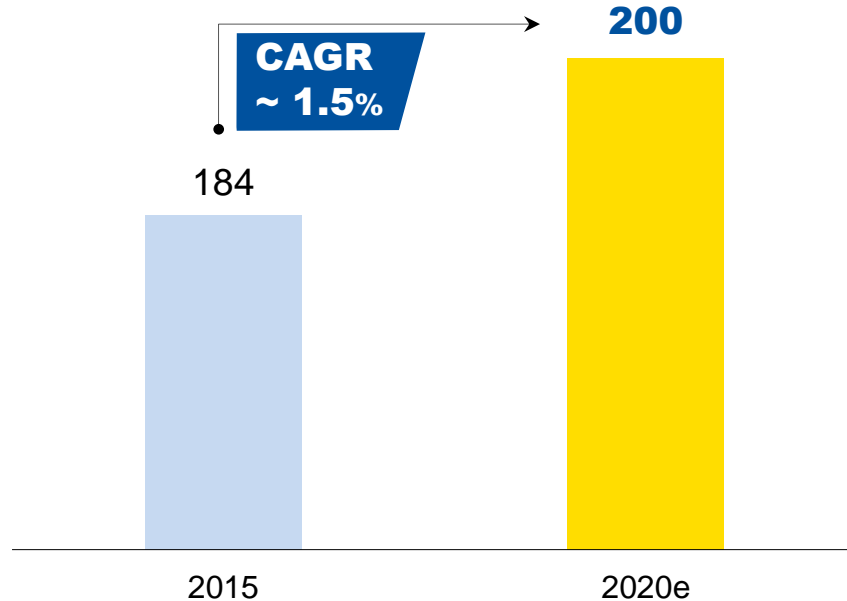
▲ PC OE&RT market projection

(in millions of units)



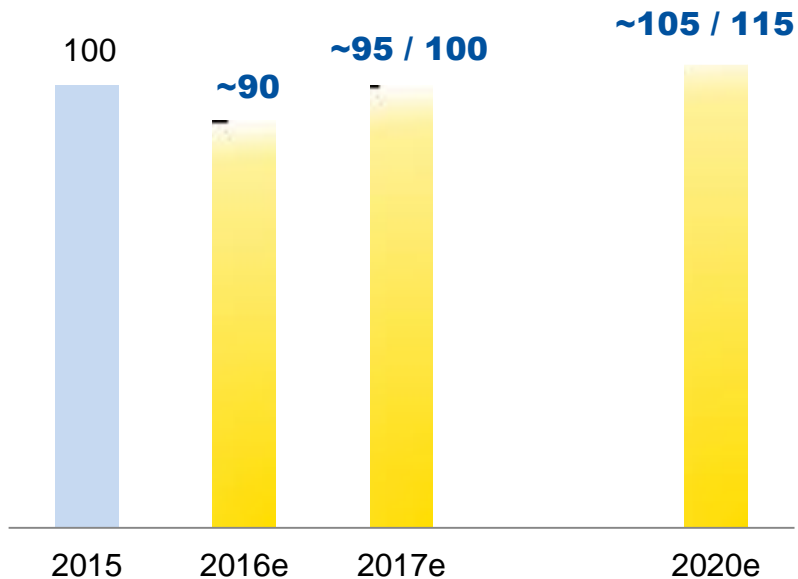
▲ TB OE&RT market projection

(Radial & Bias in millions of units)

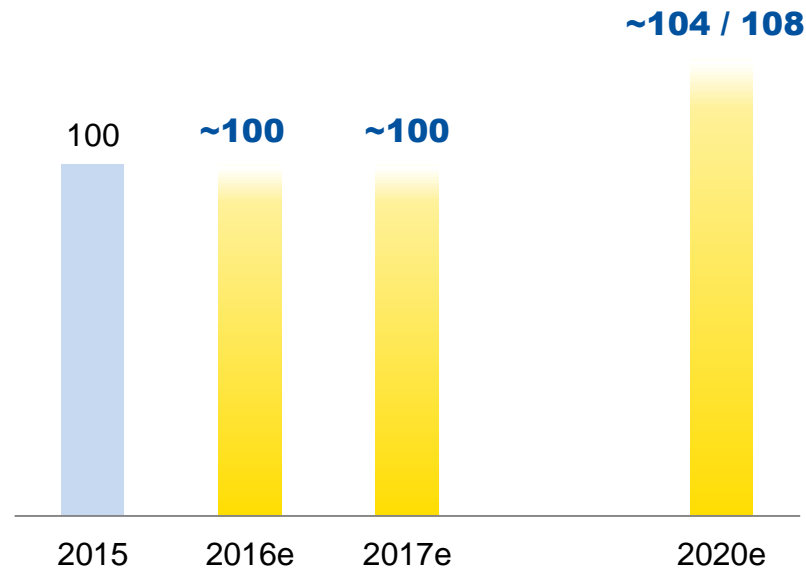


2015-2020 scenario: a growing worldwide demand

▲ Mining: 2016 last year of destocking



▲ Agriculture*: OE tipping point in 2017



* OE & RT in Europe and North America



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

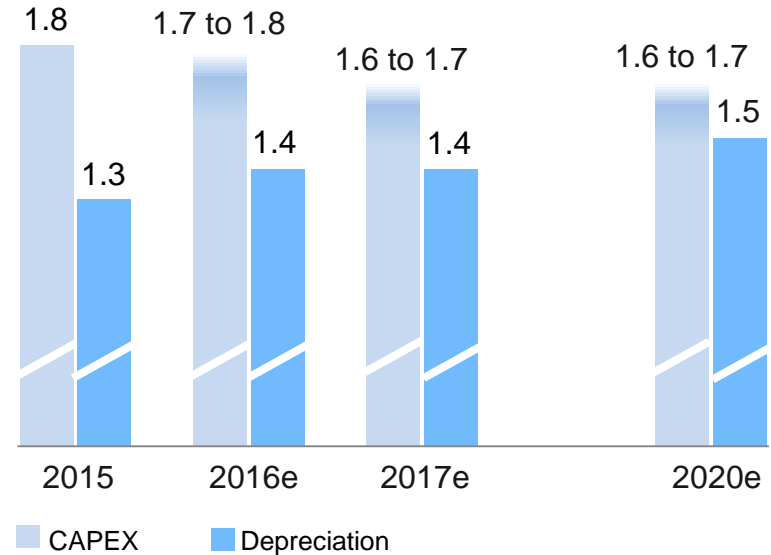
In €m	Plan 2007-2010 achieved	Plan 2012-2016 Target: €1,200m		Plan 2017-2020
		2012-2015 achieved	2016(e)	
SG&A	251	421		500/550
Manufacturing Costs	406	394		450/500
Materials	365	149		150/200
Total	1,022	964	~250	~1,200

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

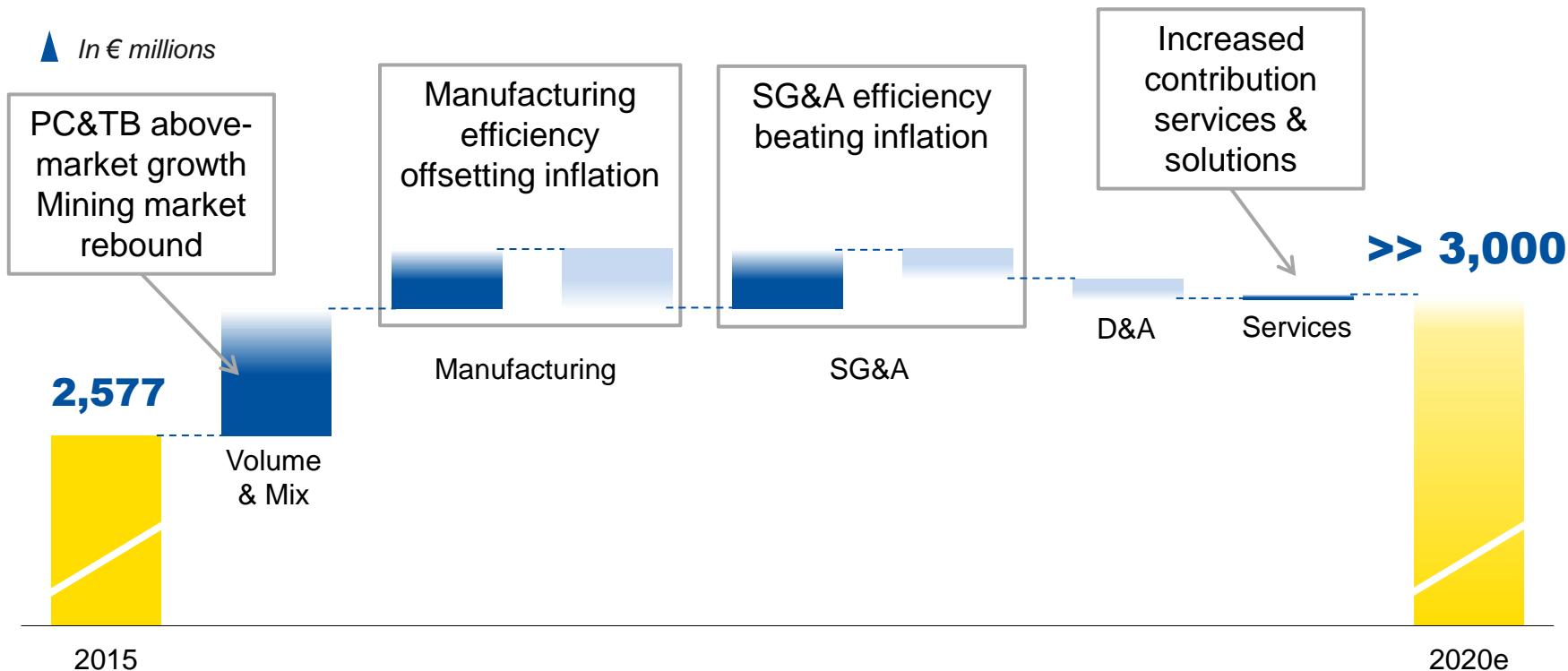


- ▲ Reducing the gap between capital expenditure and depreciation
(in € bn, at constant exchange rates)






2015-2020 organic scenario: Consistency of 2020 financial targets

▲ In € millions



Reporting segment operating margin guidance* for 2016-2020

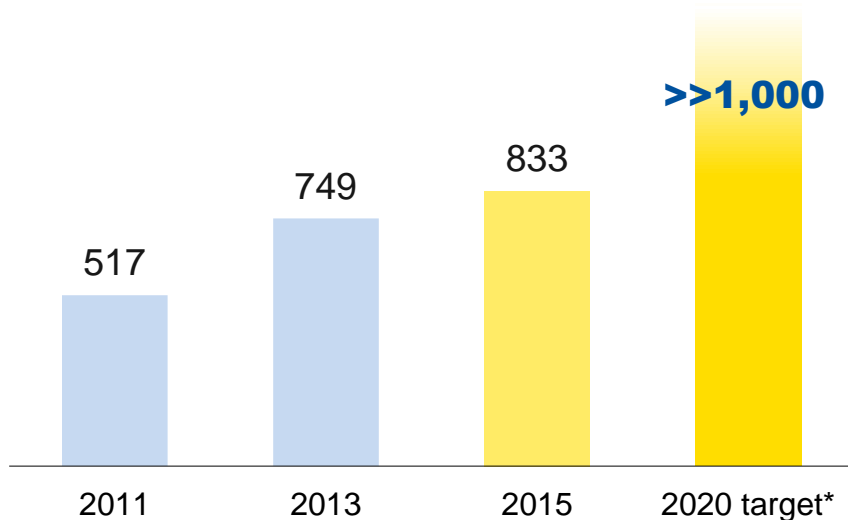
	 RS1	 RS2	 RS3
2016-2020 target ranges**	Between 11% and 15%	Between 9% and 13%	Between 17% and 24%

* From recurring activities

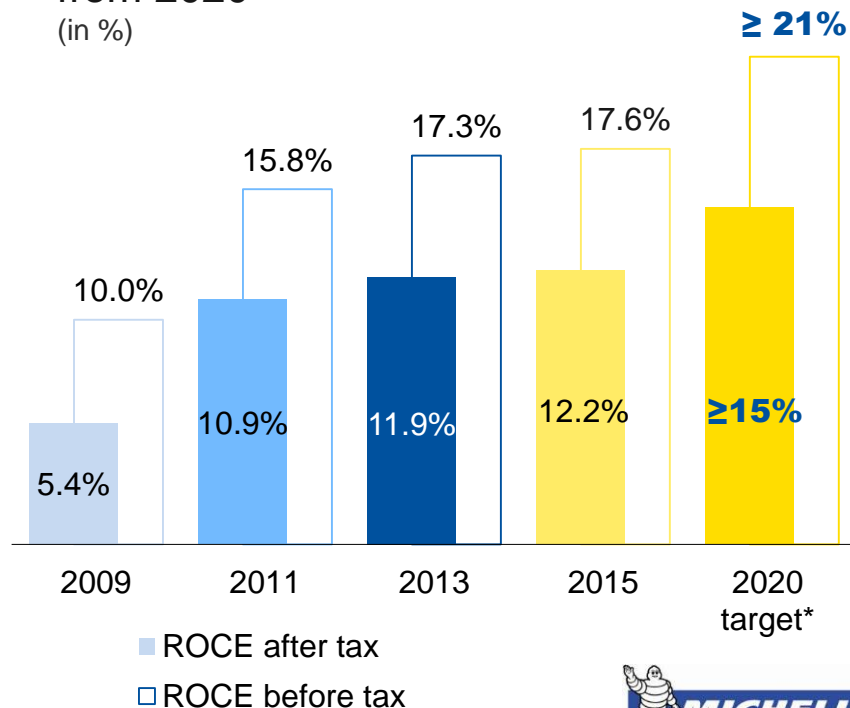
** At constant scope of consolidation and raw materials prices, and with markets expanding by a CAGR of 2.5% in PC tires and of 1.5% in Truck tires

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



2016 guidance confirmed

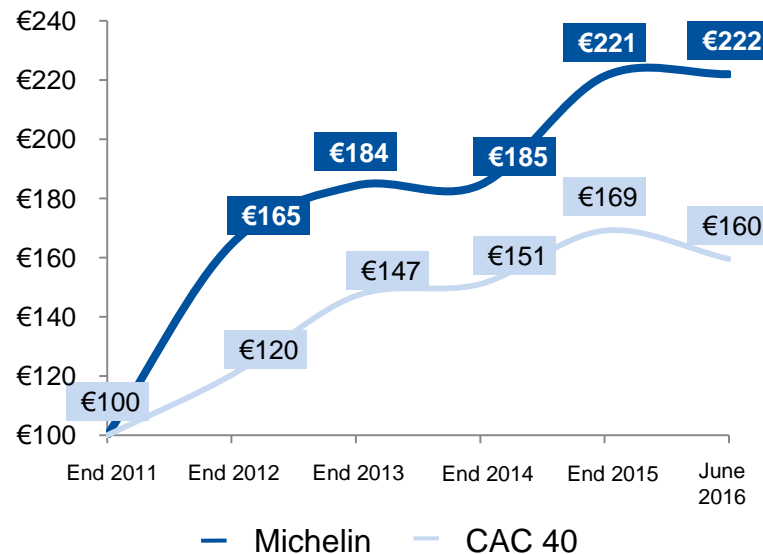
	2016
Volumes	Above-market growth
Operating income from recurring activities at constant exchange rates	> 2015*
Structural FCF	> €800m

* ≥ for H2

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

- Share buyback program
 - €451m committed in 2015
 - €150m committed in H1 2016
 - 1,757,440 shares bought back at an average price of €85.35
 - A new €150m tranche launched in H2 2016
- Pay-out commitment
 - At least 35% of net earnings excluding non recurring items

● Total Shareholder Return



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Appendices

Passenger car Tire Market: when adjusted for extra selling days, stable to low market growth. Strong demand in China, notably in OE.

▲ August 2016/2015

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▲ +14%	▲ +11%	▲ +8%	▼ -14%	▲ +21%
Replacement	▲ +4%	▲ +7%	▲ +7%	▼ -6%	▲ +10%

▲ YTD August 2016

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▲ +4%	▲ +5%	▲ +2%	▼ -18%	▲ +10%
Replacement	▲ +1%	▲ +3%	▲ +0%	▼ -5%	▲ +8%

* Turkey included

Truck & Bus Tire Market: when adjusted for extra selling days, stable to low European market growth. North America demand still impacted by rejuvenated truck fleets and counter effects of duty introduction.

▲ August 2016/2015

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▲ +5%	▲ +5%	▼ -20%	▼ -4%
Replacement	▲ +4%	▲ +2%	▼ -3%	▲ +4%

▲ YTD August 2016

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▲ +4%	▲ +5%	▼ -17%	▼ -24%
Replacement	▲ +5%	▲ +3%	▲ +2%	▲ +0%

* Turkey included

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



Brazil: Michelin acquires Levorin

- Brazilian manufacturer of bicycle and motorcycle tires.
 - 2015 net sales: €135 million
 - 2,000 employees at its two plants in Sao Paulo and Manaus
- Specialized in the commuter segment in Brazil.
- Strategic objectives for Michelin:
 - consolidate its presence in Brazil in the significant, and expanding, commuter segment
 - strengthen the global development of its 2 Wheel tire ranges and complement the range of tires currently offered, which are historically oriented towards the high-end 2 Wheel leisure market
- Subject to the approval of the Brazilian competition authorities



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

Above-market growth in every business segment

Volumes variation	H1 2016
Passenger car* Markets	+4% +2%
Truck* Markets	+1% -1%
Specialties Markets	-2% -2%/-5%**

* And related distribution

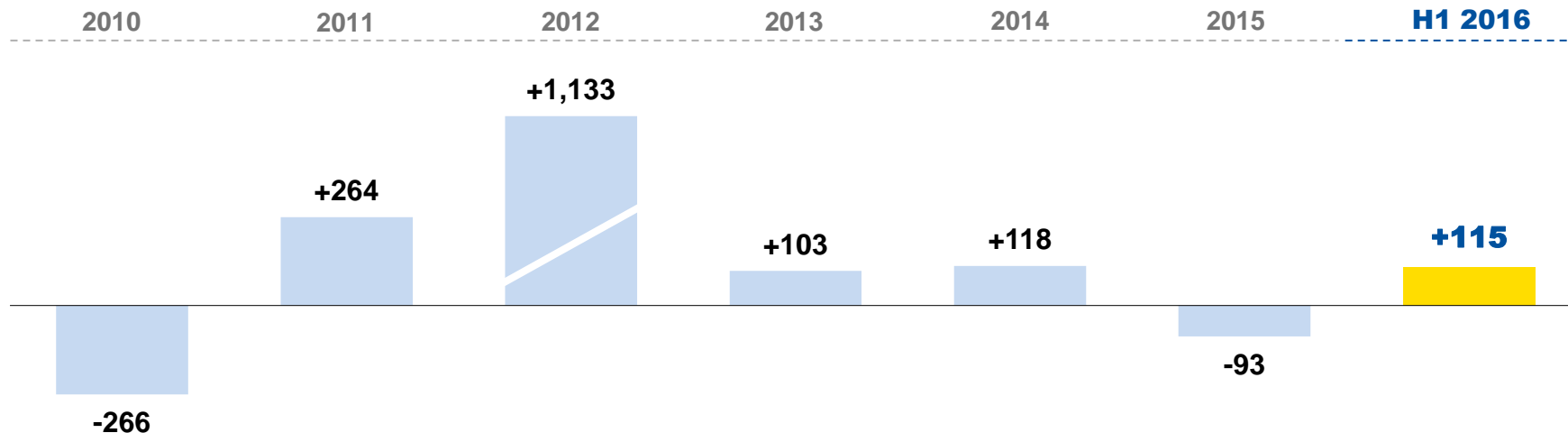
** Annual markets estimate



Improvement in unit margin due to effective pricing management over time

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

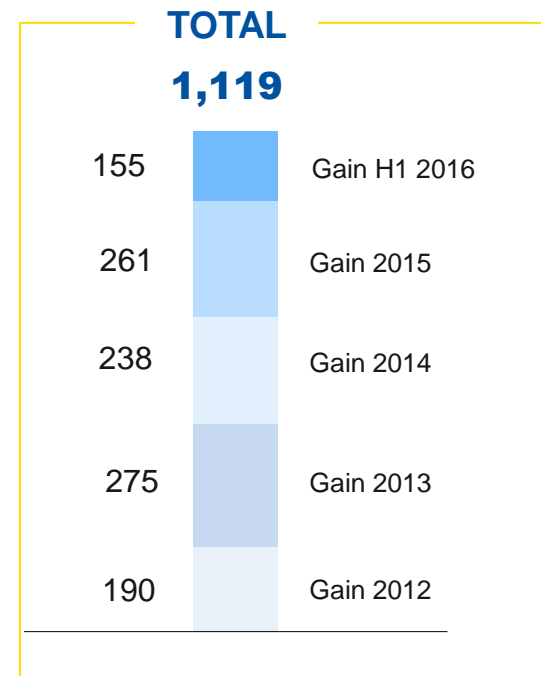
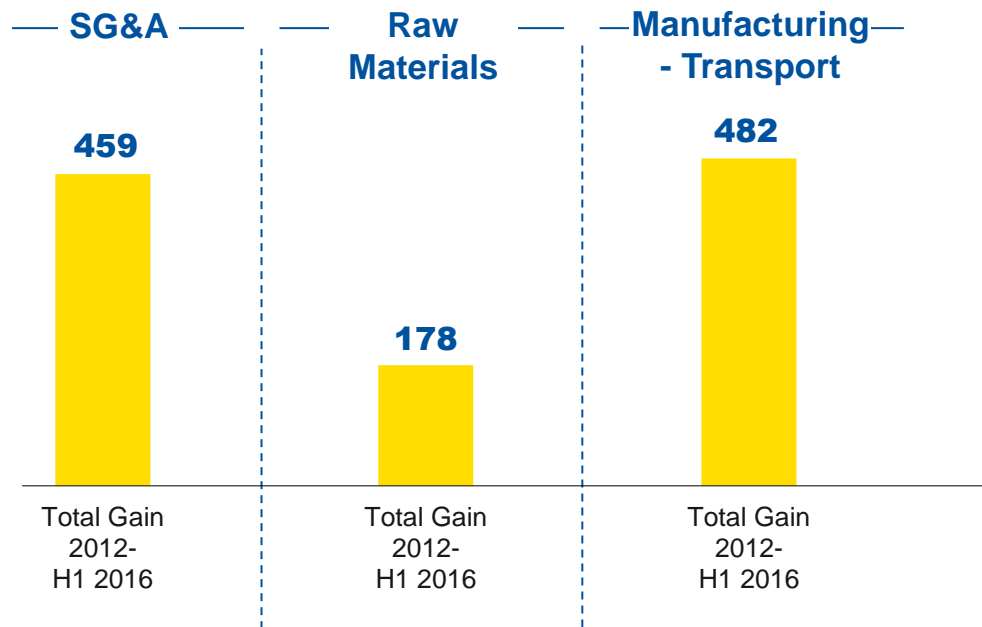
(in € millions)



- 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

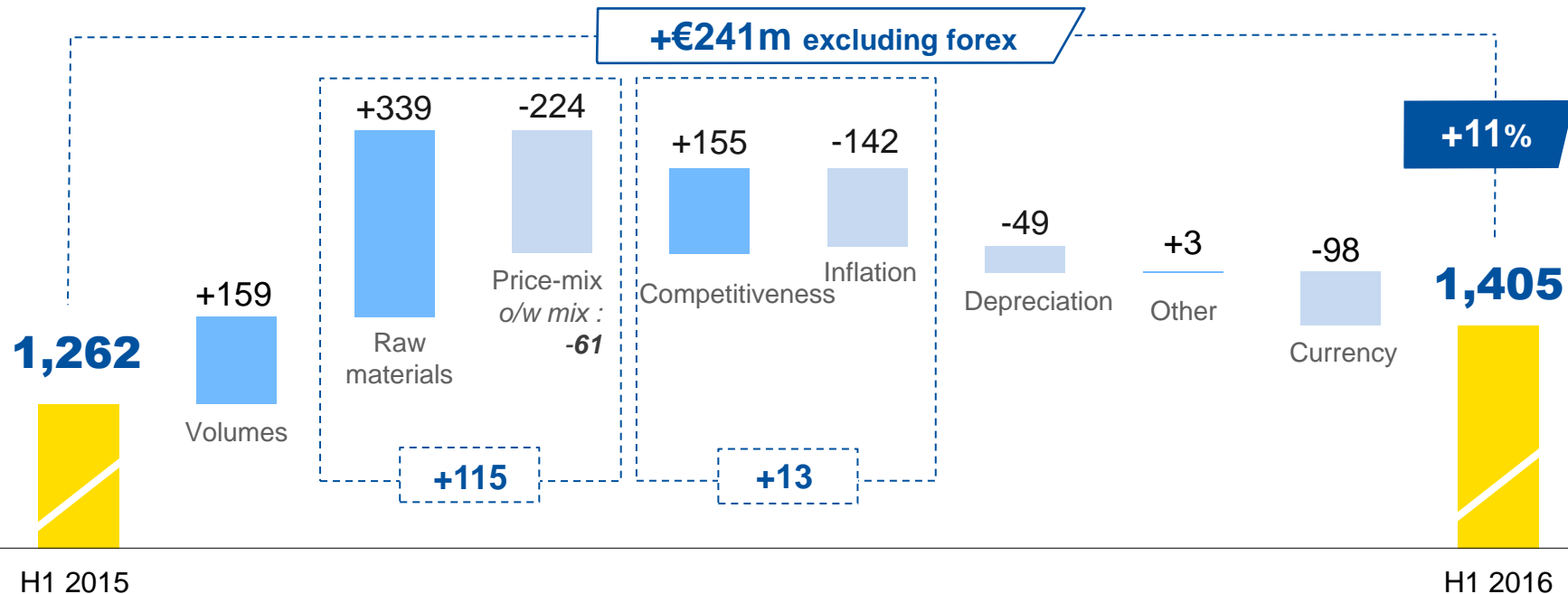
▲ Gain objectives* 2012-2016: €1,200m



* Before inflation and including avoided costs

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.

H2 2016 scenario

	H2 2016	FY 2016
Raw materials	Around +€100m	Around +€450m
Net price-mix vs. raw materials	Indexed businesses: negative Non-indexed businesses: neutral	Positive
Competitiveness plan vs. inflation		Neutral
Currency effect		Around -€200m

Scenario of net Price-mix vs Raw Material effect

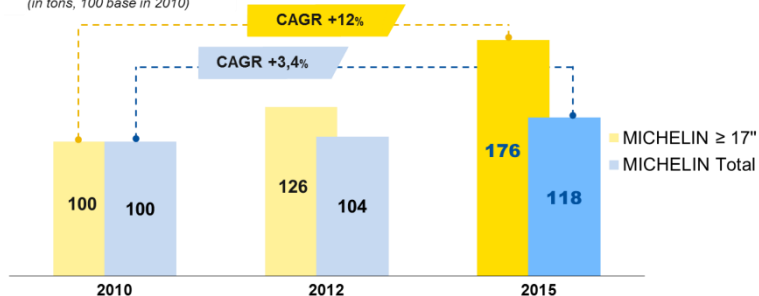
(based on June rates)

<i>(in € millions)</i>	H1 2016	H2(e) 2016	FY(e) 2016
Raw Material tailwind	+339	~ +110	~ +450
Net Price-mix / Raw Material	+115	~ -70	~ +50
o/w indexed businesses	-20	~ -70	
o/w non-indexed businesses	+135	~ 0	

A stronger Group

● RS1 volume growth

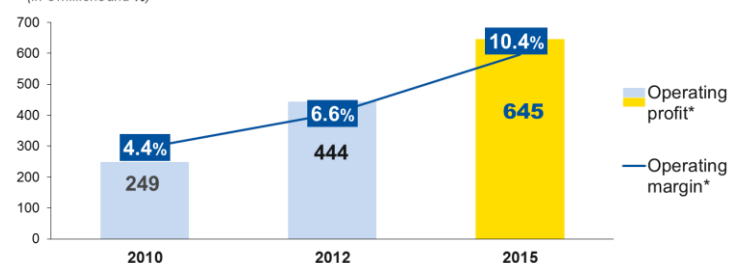
(in tons, 100 base in 2010)



● RS2 operating margin

▲ Operating profit and margin*

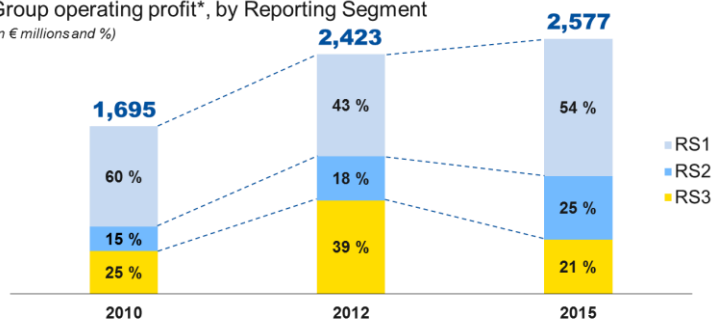
(in € millions and %)



● Margin by RS

▲ Group operating profit*, by Reporting Segment

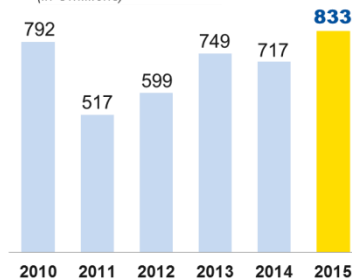
(in € millions and %)



● Structural FCF and ROCE

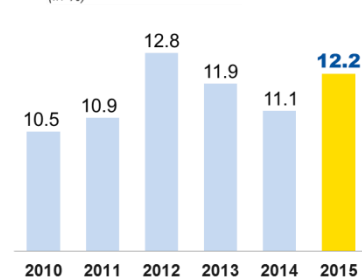
▲ Structural FCF

(in € millions)



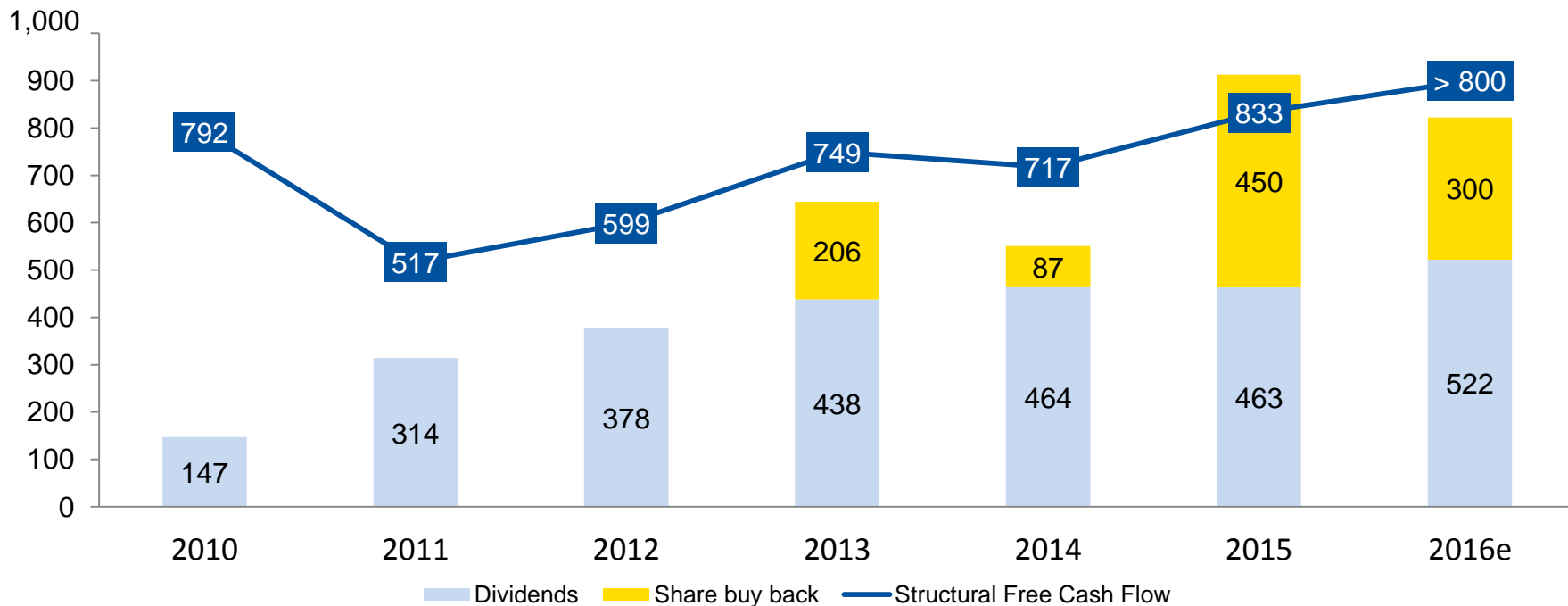
▲ ROCE after tax

(in %)



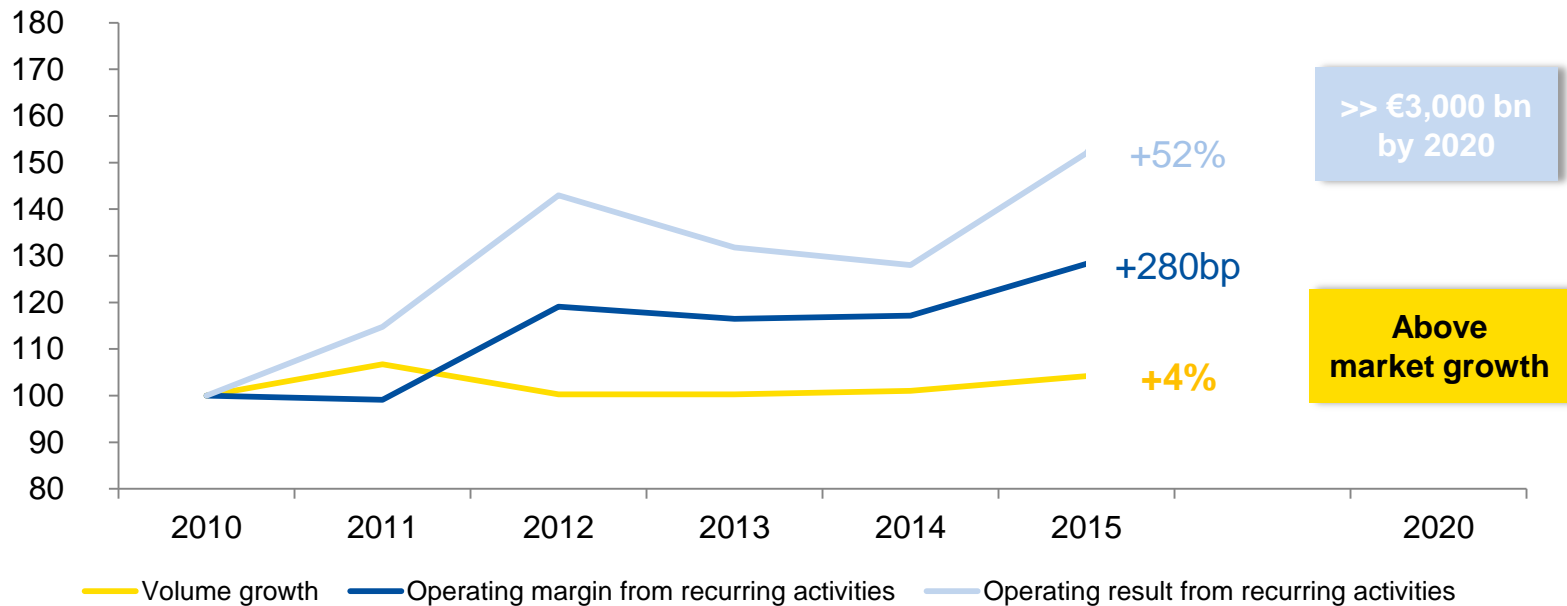
Solid cash generation committed to shareholders

● In € millions



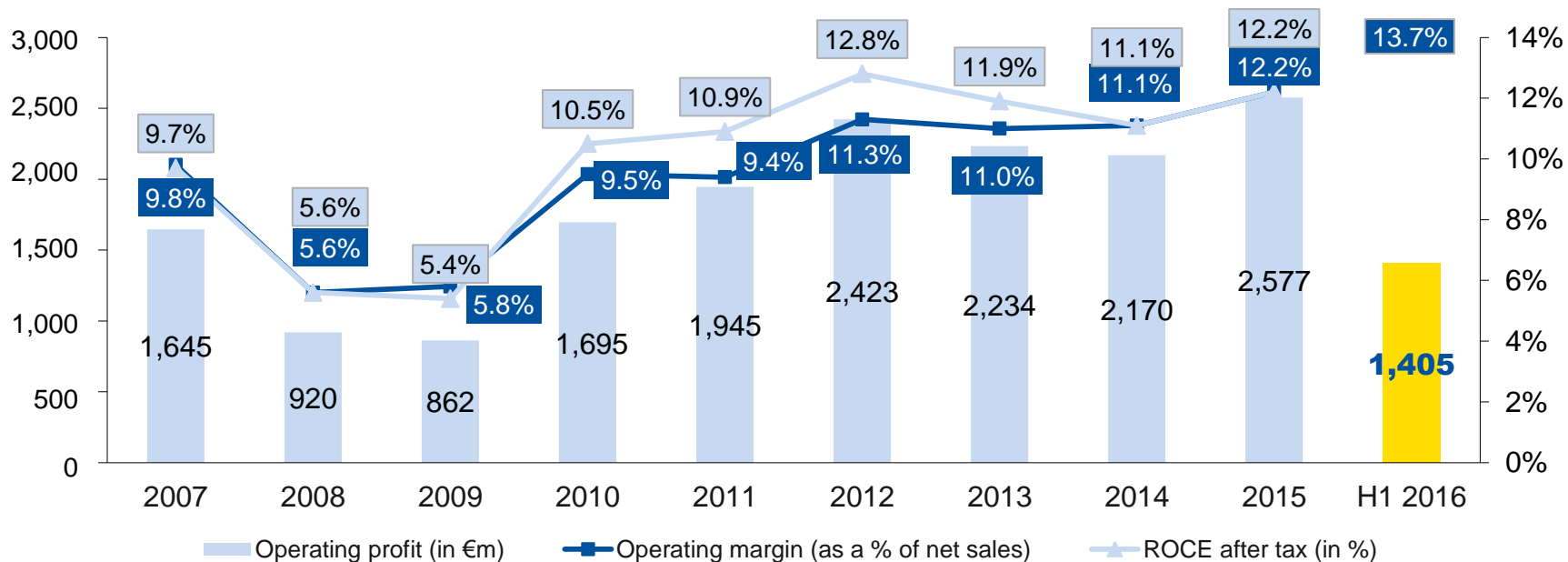
Profitable growth ambition

- Base 100 in 2010



A stronger Group with improving profitability

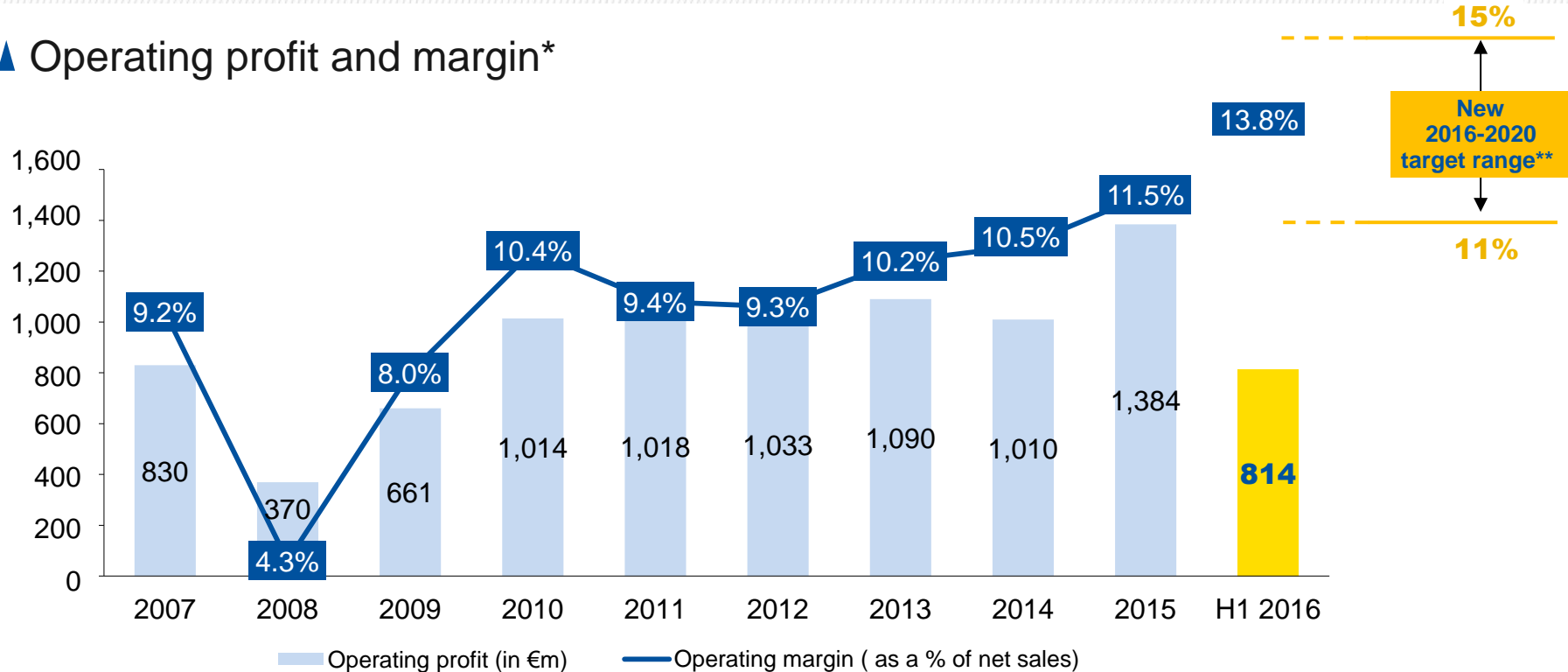
▲ Operating profit and margin* & ROCE



* Before non-recurring items

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

▲ Operating profit and margin*

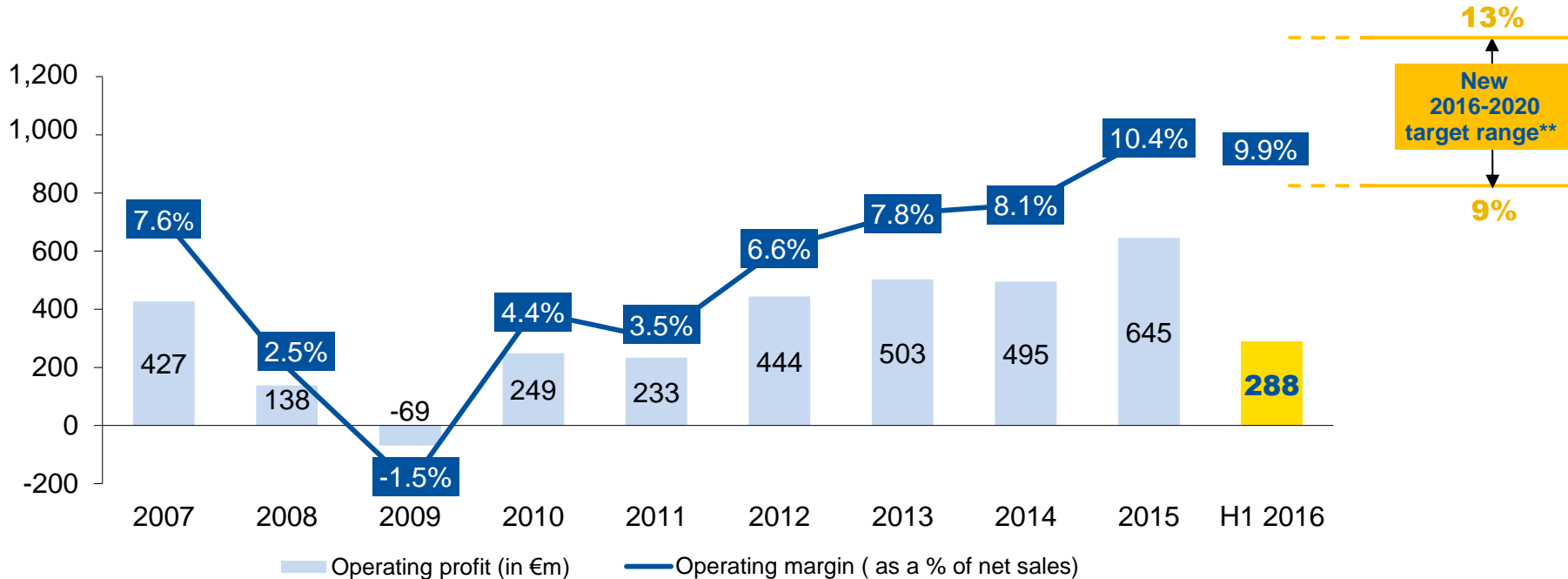


* Before non-recurring items

** 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*

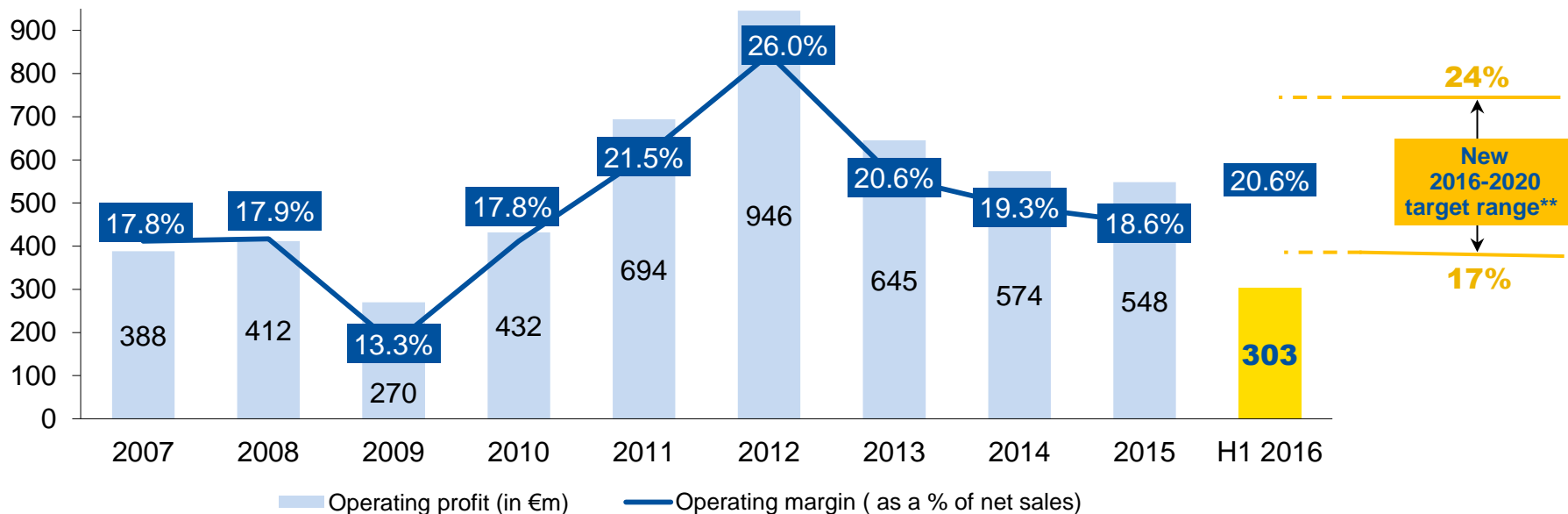


* Before non-recurring items

** 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*

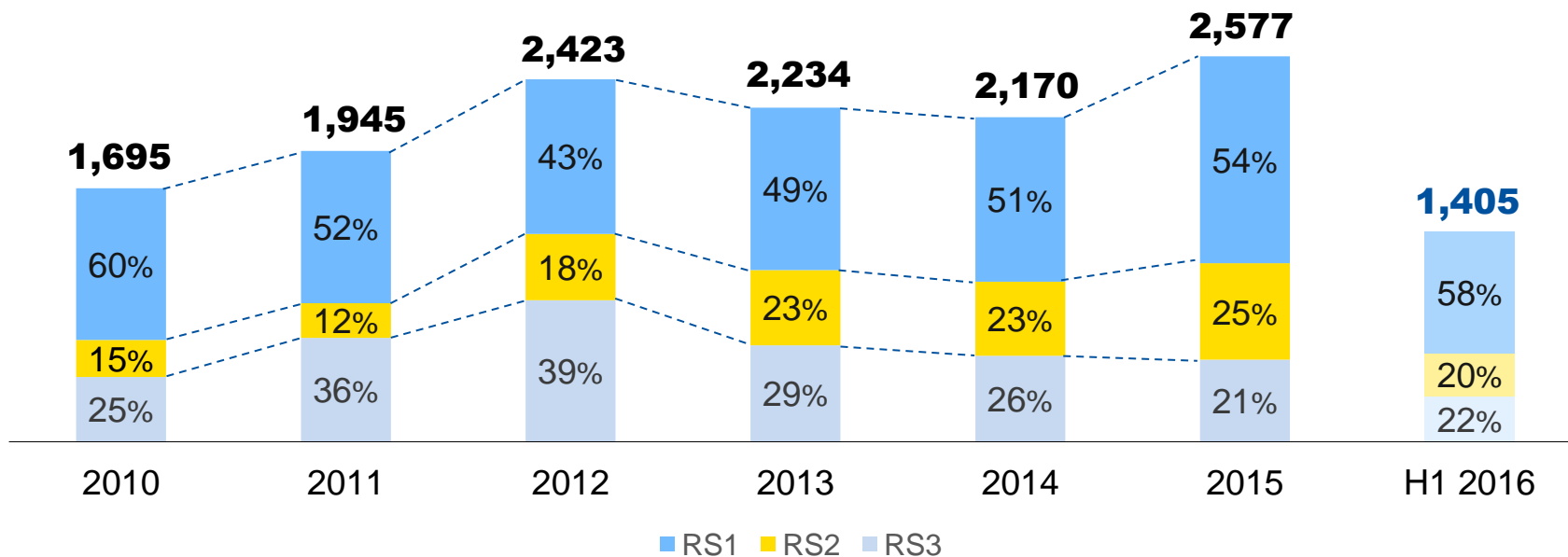


* Before non-recurring items

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

Strong operating profit growth through diversified and worldwide footprint

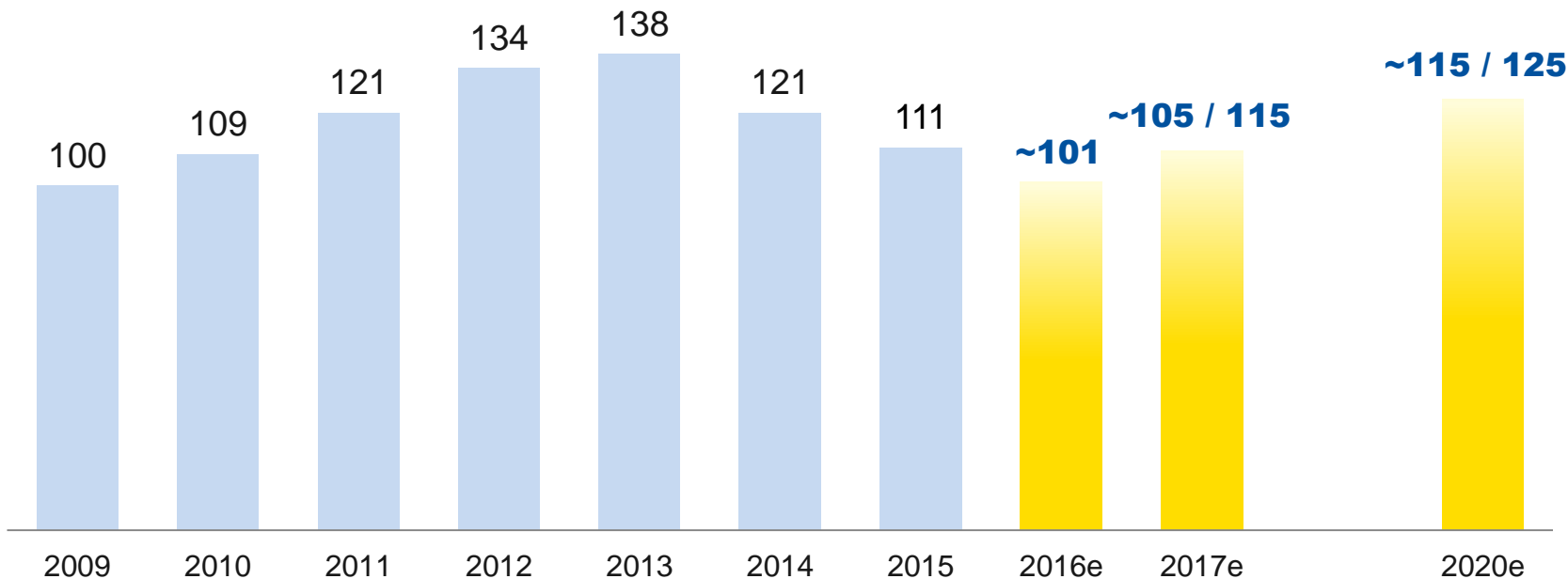
▲ Group operating profit*, by Reporting Segment (in € millions and %)



* Before non-recurring items

Mining: 2016 last year of destocking

▲ (base 100 in 2009, in tonnes)



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