



Kepler Chevreux – June 22, 2016

Amsterdam



Michelin's strategy

▲ Four domains of growth

- 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

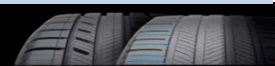
- Leverage our expertise in high-technology materials – in particular those involving elastomers

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

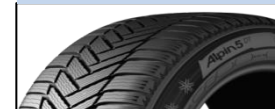
Passenger Car

Premier A/S



2014

Alpin5 DT



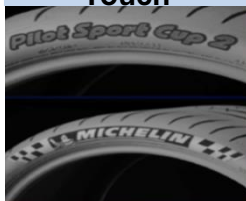
2015

Michelin CrossClimate



2015

Premium Touch



2014

Selfseal®



2015

Cavity Foam « Acoustic »



2015

Truck & Bus

X® Line Tropic™



2013

Convoi TripleA



2015

X-One Urban bus



2015

MichelinX Multi3D



2015

Specialties



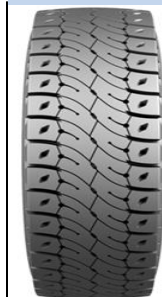
Michelin Pilot Road4 2CT Techno



2014



Michelin XDR250



2015



Michelin AxioBib IF900/65R46



2013

Michelin solutions: a demonstrated ability to manage complex ecosystem



	Service centered around product	Service centered on customer's process
Commitment on means implemented ("inputs")	Basic services related to product life cycle ie : We check	Support services to client's process ie : I manage
Commitment on results (« outputs »)	Services on investment optimization ie : On call (w/ 2:00 guarantee)	Outsourcing of customer's process ie : Effitire / Effitrailer

New materials play a dominant role in our innovation

▲ For several reasons:

Strong impact on the performances of our products



Less industrial intrusiveness



Dominate the elements of environmental impact

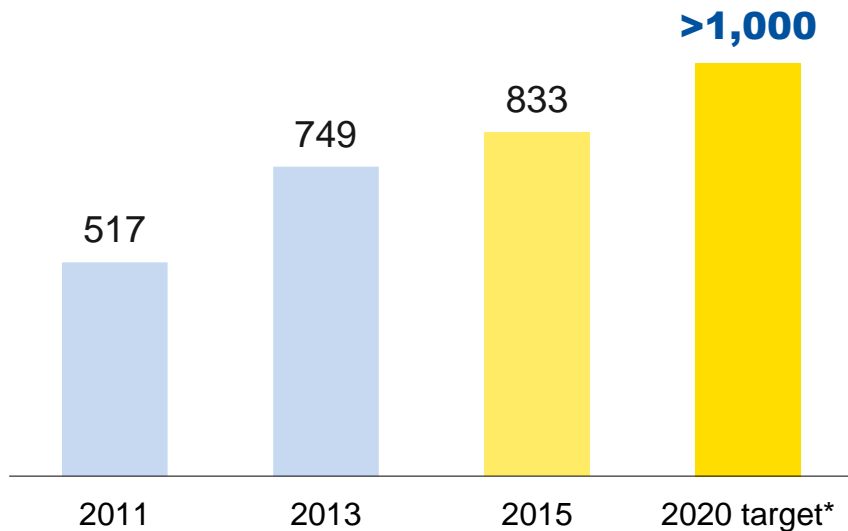


Michelin's strategy

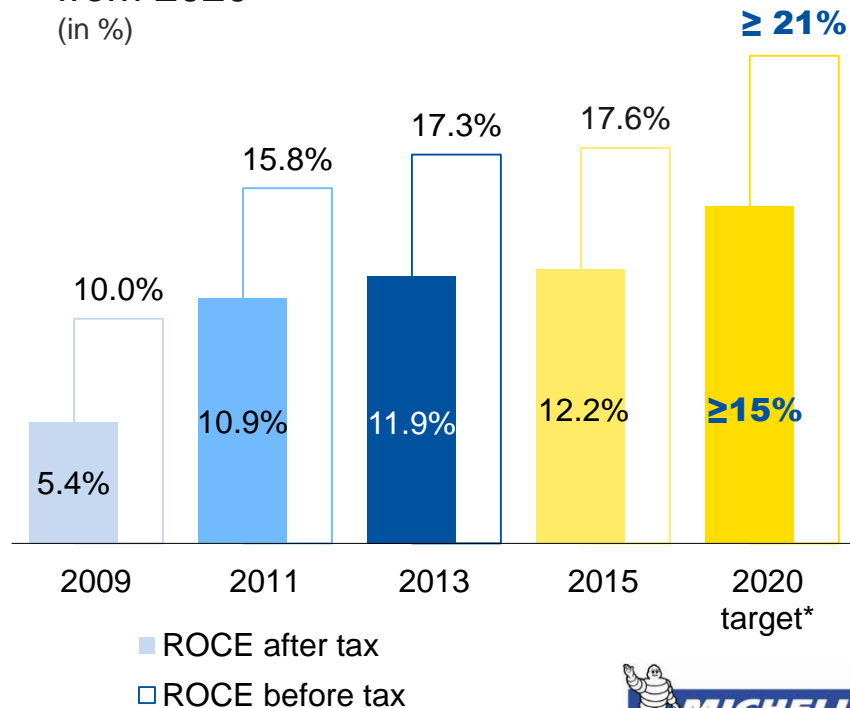
- ▲ Four initiatives to support Michelin performance
 - Putting our customers at the heart of our business
 - Leveraging the digital revolution
 - Simplifying our structures and processes
 - Empowering employees

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

New operating margin guidance* for 2016-2020

	 RS1	 RS2	 RS3
Previous target ranges	Between 10% and 12%	Between 7% and 9%	Between 20% and 24%
2016-2020 target ranges**	Between 11% and 15%	Between 9% and 13%	Between 17% and 24%

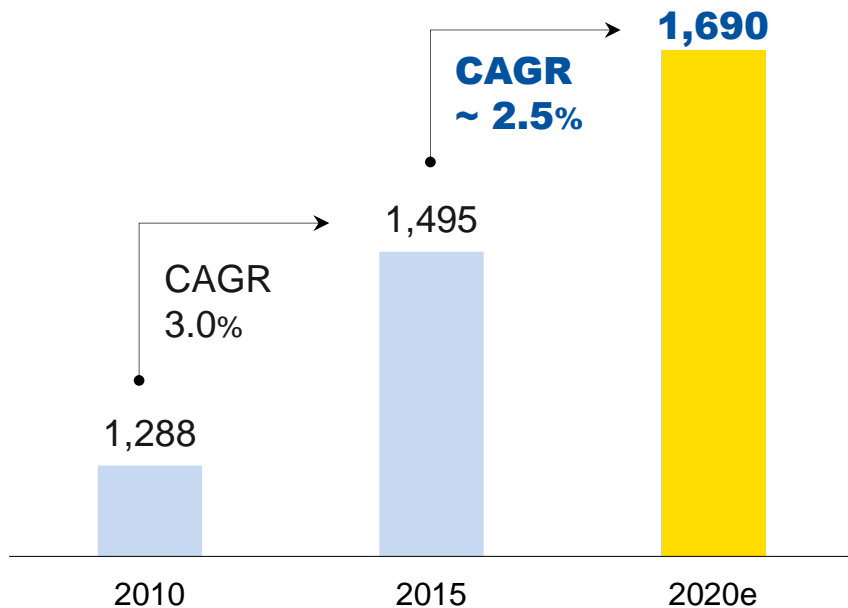
* Before non-recurring items

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

A growing worldwide demand

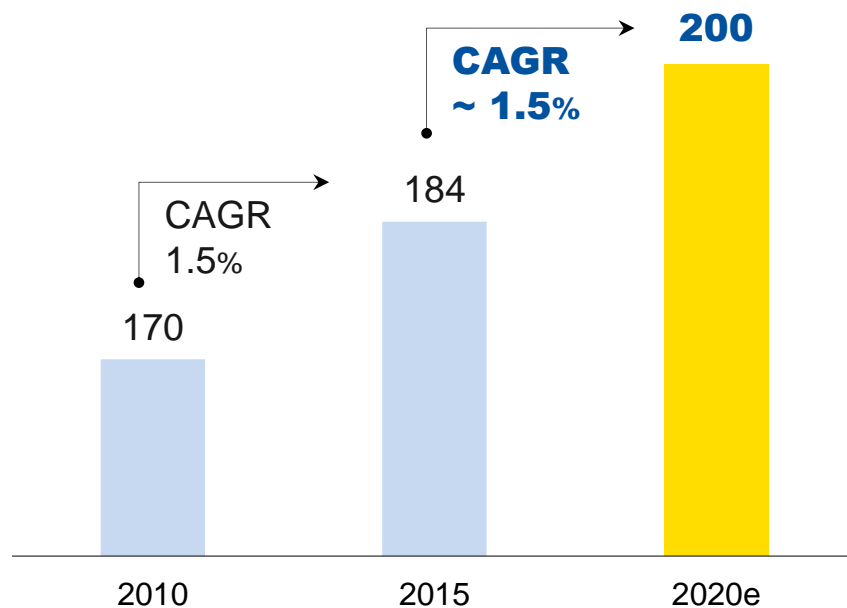
▲ PC OE&RT market projection 2015-2020

(in millions units)



▲ TB OE&RT market projection 2015-2020

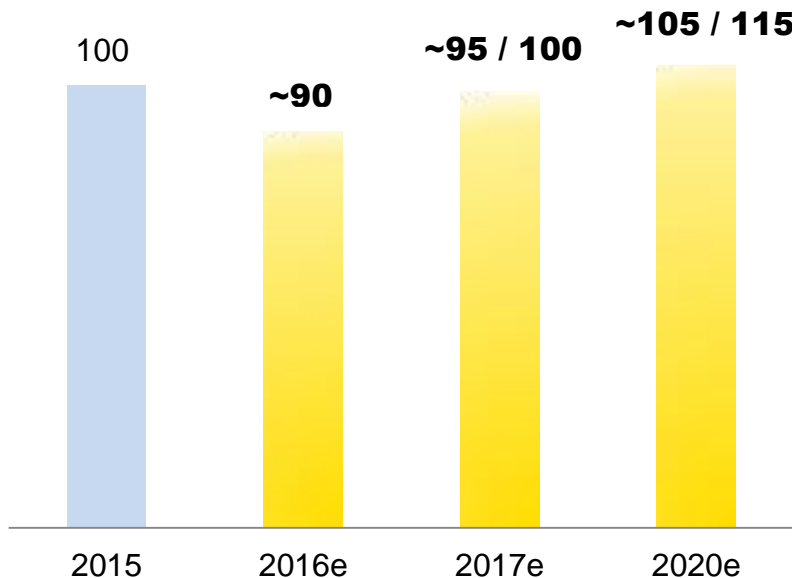
(Radial & Bias in millions units)



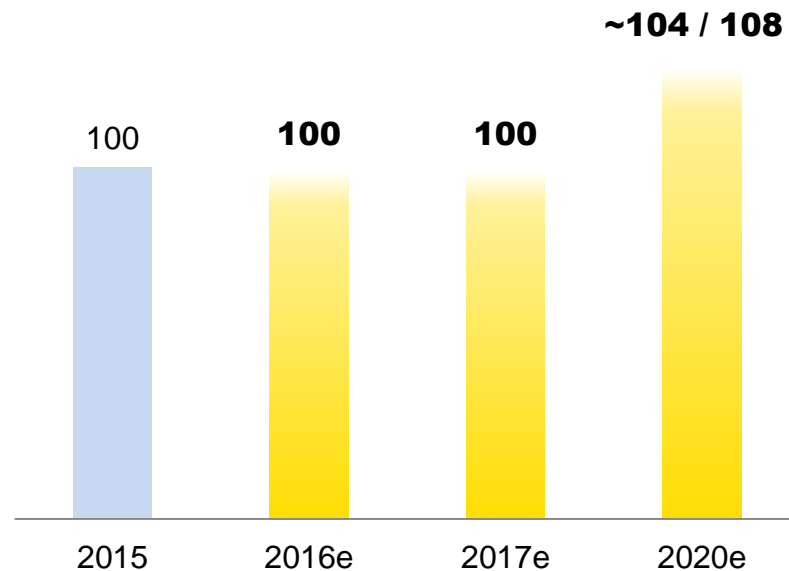
Source: Michelin

2015-2020 scenario: a growing worldwide demand

▲ Mining: 2016 last year of destocking



▲ Agriculture*: OE tipping point in 2017



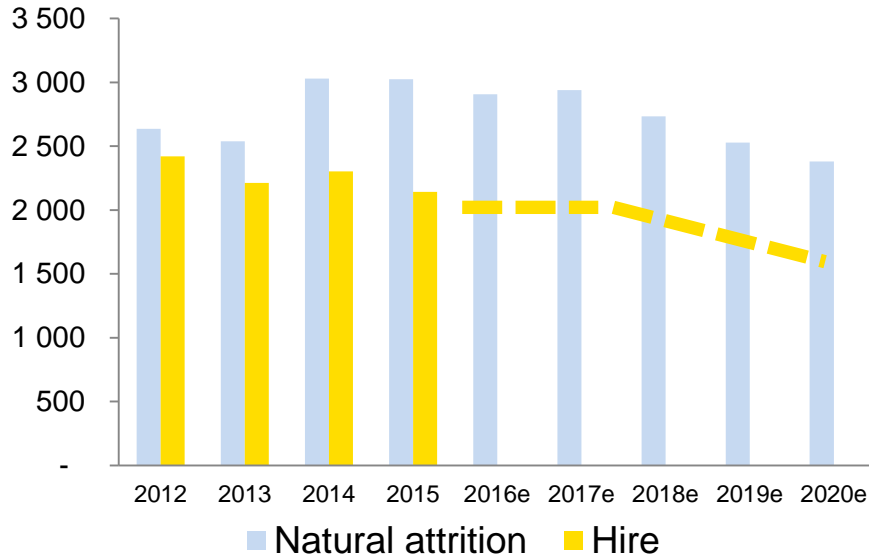
* OE & RT in Europe and North America

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

Our pyramid of ages is an opportunity

▲ Headcount change impacting SG&A



- Training and career management program launched to adapt competencies to needs, and provide careers opportunities

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%

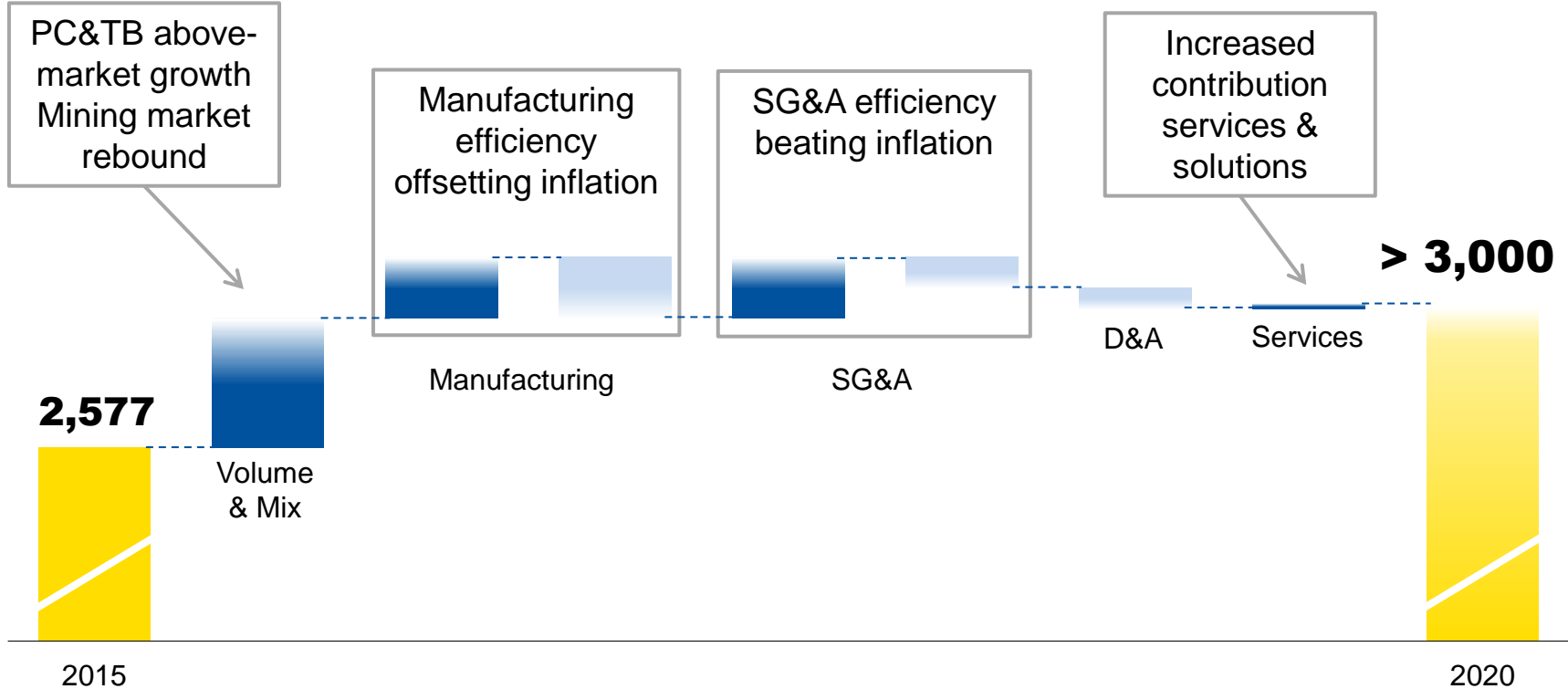
2017-2020 organic growth scenario

- 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



- Reporting segment targeting higher operating margin ranges
- Higher free cash flow generation
- Increasing return on capital employed

2015-2020 organic scenario: Consistency of 2020 financial targets



2016 – 2020 ROCE scenario

- 2020 operating income in excess of €3,000 million
- Increase in nets assets
 - Annual capital expenditure of €1.6-1.7 billion over the period
 - Depreciation and amortization up €150-200 million over the period
- Increase in WCR
 - Linked to organic growth
 - Assuming raw material costs remain constant
 - Partially offset by process improvements
- Standard tax rate stable at 31%



2020 ROCE target
(after tax):
15%

The Power of New Products



BFGOODRICH
g-Force™ COMP-2™ A/S

MICHELIN
Defender® LTX

MICHELIN
Premier® A/S

MICHELIN
CrossClimate

MICHELIN
Pilot Sport⁺

MICHELIN
Premier® LTX

BFGOODRICH
All-Terrain T/A® KO2

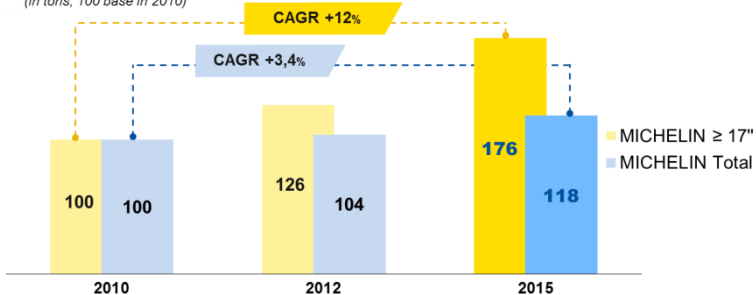


Appendices

2010-2015: a stronger Group

● RS1 volume growth

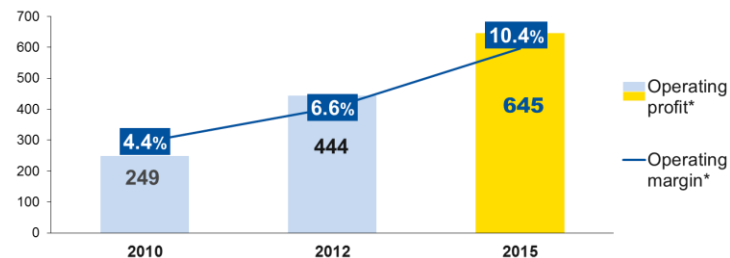
(in tons, 100 base in 2010)



● RS2 operating margin

▲ Operating profit and margin*

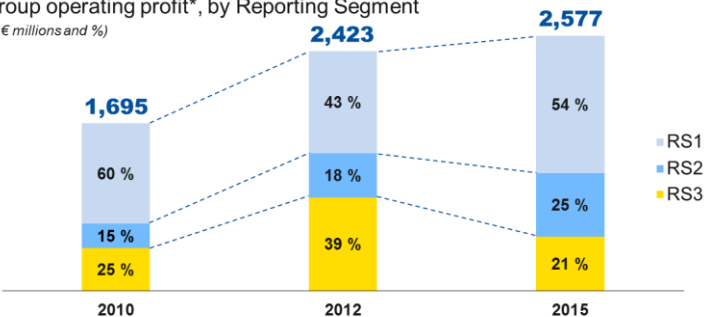
(in € millions and %)



● Margin by RS

▲ Group operating profit*, by Reporting Segment

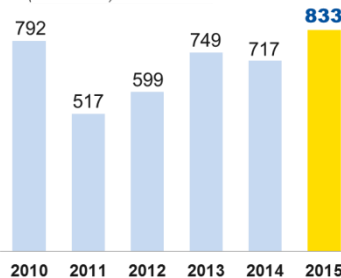
(in € millions and %)



● Structural FCF and ROCE

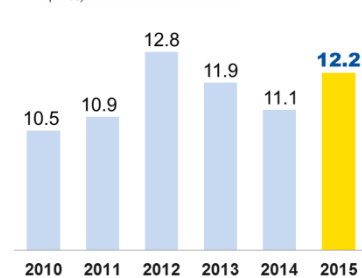
▲ Structural FCF

(in € millions)



▲ ROCE after tax

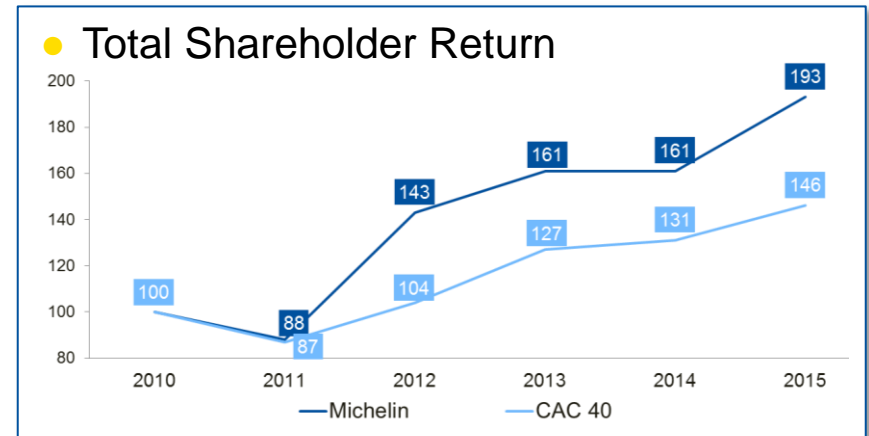
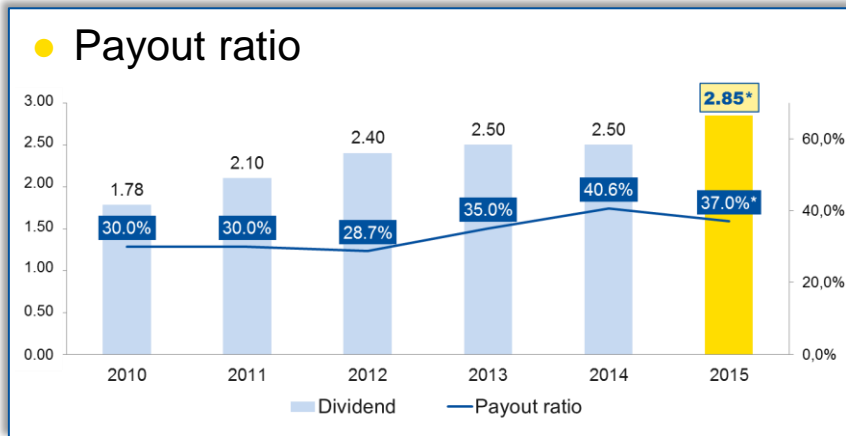
(in %)



* Before non-recurring items

2015-2016 shareholder return: €981m dividend and €750m share buyback

- Dividend of €2.85*/share and payout of 37% of net income before non-recurring items
- €750m share buyback plan
 - Number of shares repurchased and cancelled in 2015: 4,961,534 shares or 2.7% of capital
 - €451m committed in 2015 and a new €150m tranche launched in January 2016
 - At June 10 2016: €144m repurchased



* Submitted to shareholders for approval at the May 13, 2016 Annual Meeting

2016 market outlook



PASSENGER CAR: +2%/+3%

Growth in line with long-term trends (CAGR \approx 2.5%)

- Faster growing demand in Western Europe, North America and China.



TRUCK: +0%/+2%

Slight growth of the worldwide demand

- Markets expanding in Western Europe and continuing to trend upwards in the North American replacement segment.



SPECIALTY: -2%/-5%

Earthmover and Agricultural markets impacted by commodity prices

- Mining: weaker demand and last year of destocking.
- Earthmover OE*: trending downwards.
- Agricultural OE*: stable to weak.

* Europe & North America

2016 guidance confirmed

	2016 new	2016 old
Volumes	Above-market growth	Growth at least in line with the markets
EBIT before NR and at constant exchange rates	> 2015	> 2015
Structural FCF	> €800m	> €800m

2016 scenario based on March raw material prices and currencies

	2016
Raw materials	Around €400m tailwind
Net price mix vs. raw materials	Indexed businesses: negative Non indexed businesses: neutral
Competitiveness plan vs. inflation	Neutral

Passenger car Tire Market

▲ May 2016/2015

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▲ +11%	▲ +11%	▲ +1%	▼ -22%	▲ +9%
Replacement	▼ -2%	▲ +0%	▲ +1%	▼ -4%	▲ +8%

▲ YTD (May 2016)

% YoY change in number of tires	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil	China
Original equipment	▲ +5%	▲ +7%	▲ +4%	▼ -22%	▲ +6%
Replacement	▲ +2%	▲ +3%	▲ +2%	▼ -5%	▲ +8%

* Turkey included

Truck & Bus Tire Market

▲ May 2016/2015

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▲ +6%	▲ +7%	▼ -8%	▼ -22%
Replacement	▲ +5%	▲ +6%	▼ -1%	▼ -5%

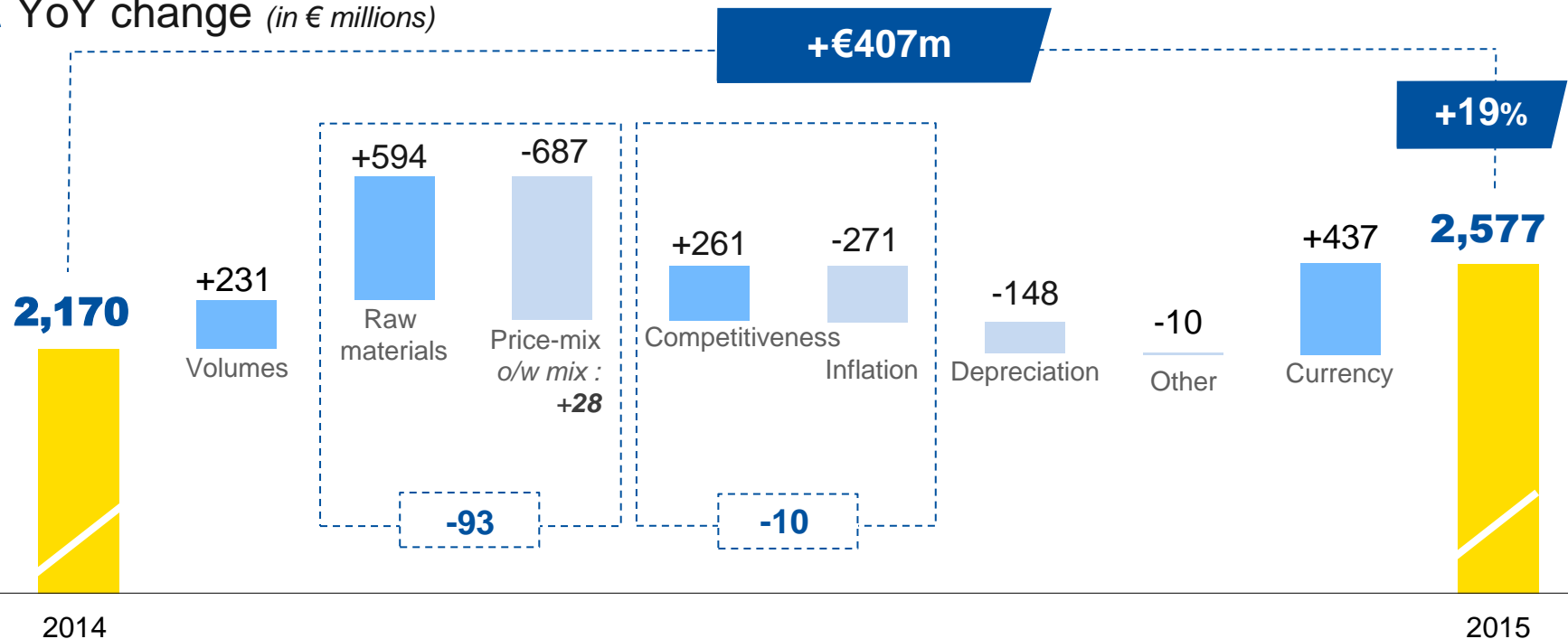
▲ YTD (May 2016)

% YoY change in number of tires (Radial + Bias)	Europe including Russia & CIS*	Europe excluding Russia & CIS*	North America	Brazil
Original equipment	▲ +6%	▲ +7%	▼ -12%	▼ -35%
Replacement	▲ +5%	▲ +5%	▲ +2%	▼ -3%

* Turkey included

Operating income before non-recurring items up €407m o/w €304m in H2 led by volume growth, price management, cost discipline and favorable exchange rates

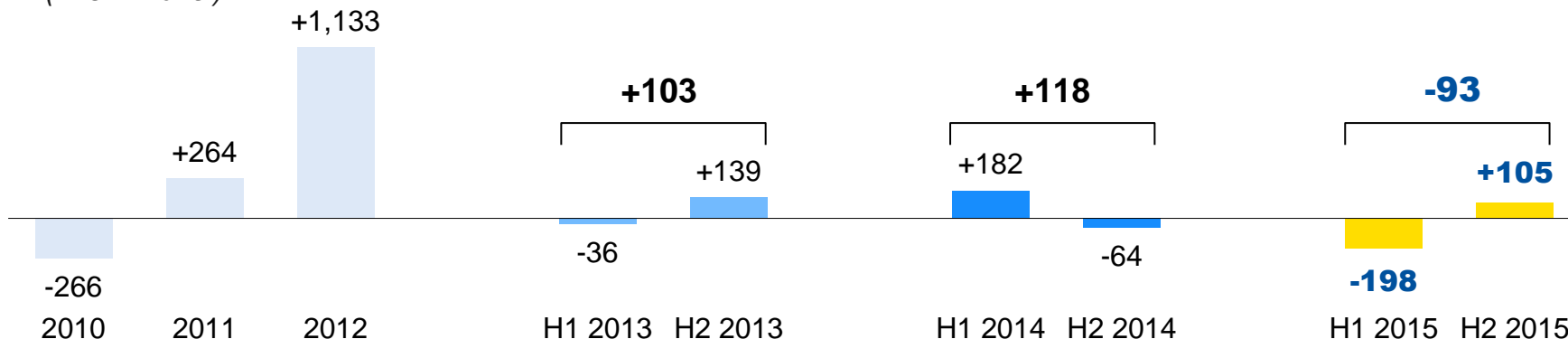
▲ YoY change (in € millions)



Effective management of pricing policy over time : aggregated net positive impact of more than €1,2bn since 2010

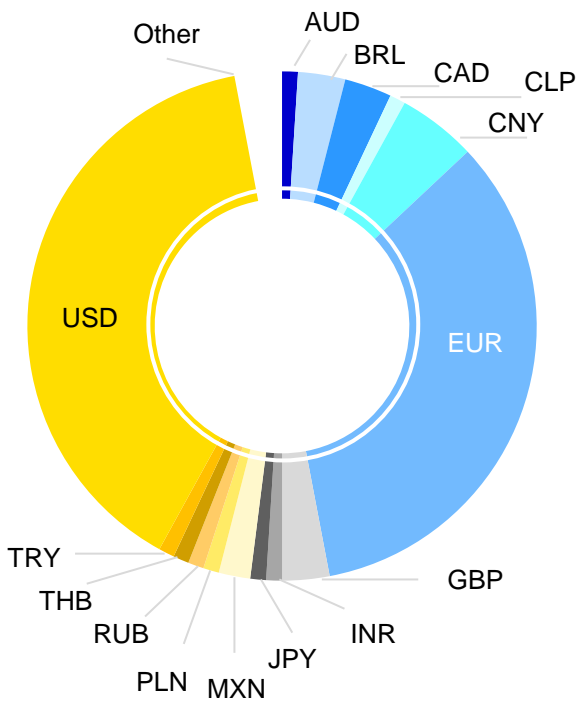
▲ Net effect of price mix and raw materials prices

(in € millions)



- 2015: net impact of changes in price, mix and raw materials costs was a negative €116m for indexed businesses and a positive €23m for the other businesses

2015 net sales by currency

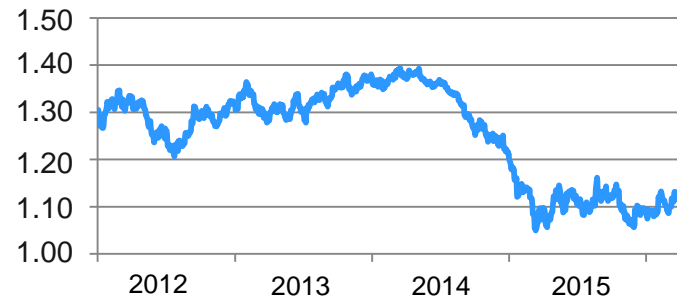


% of net sales	
AUD	1%
BRL	3%
CAD	3%
CLP	1%
CNY	5%
EUR	34%
GBP	3%
INR	1%
JPY	1%
MXN	2%
PLN	1%
RUB	1%
THB	1%
TRY	1%
USD	39%
Other	3%

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.

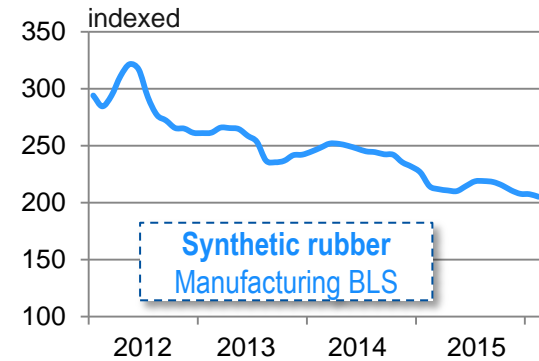
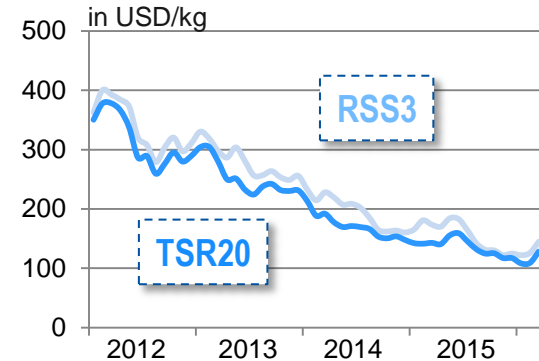
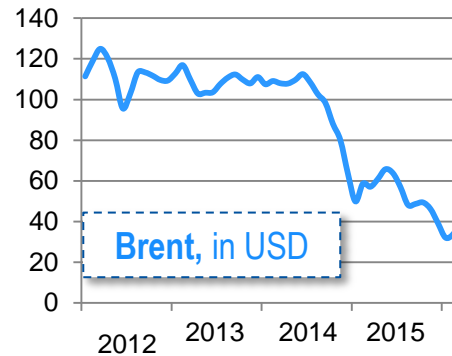
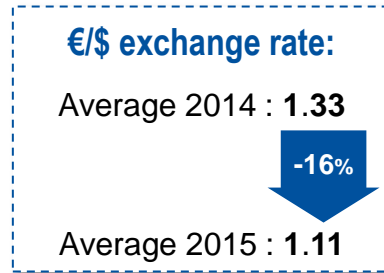
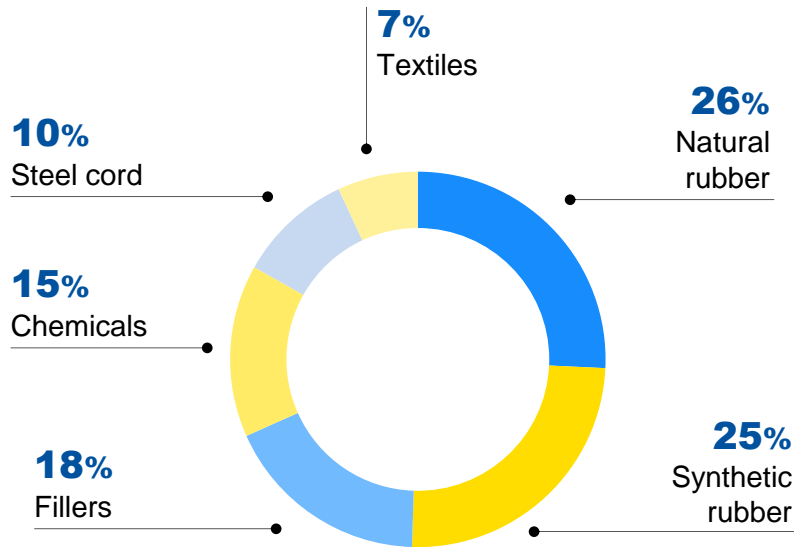
▲ €/€ exchange rate – 2012-2015



Source: ThomsonOne

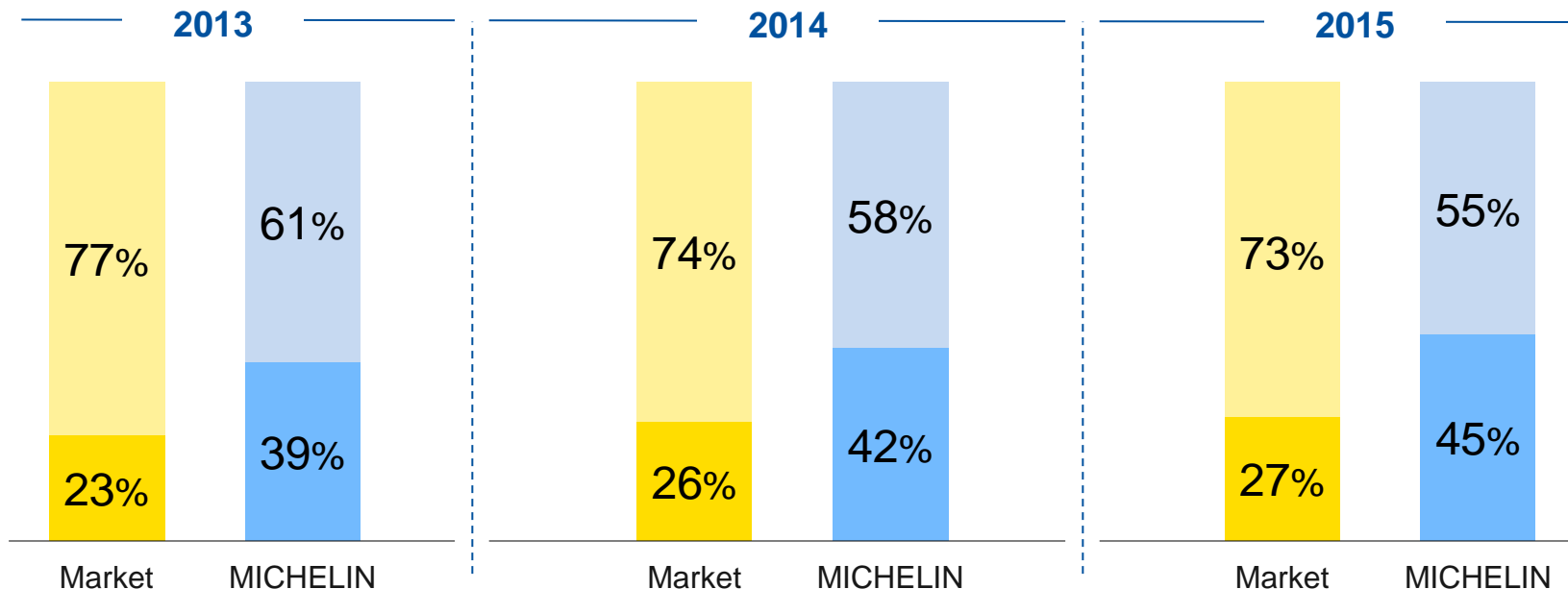
Raw materials trends in 2015

▲ Raw material purchases in 2015 (€4,711m)



MICHELIN in the Passenger car segment: clearly positioned as the premium brand

▲ 17' Car and Light truck share of market and share MICHELIN brand sales
(in number of tires)

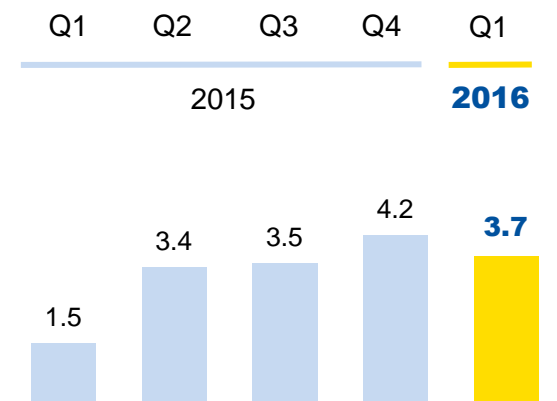


Source: Michelin estimate

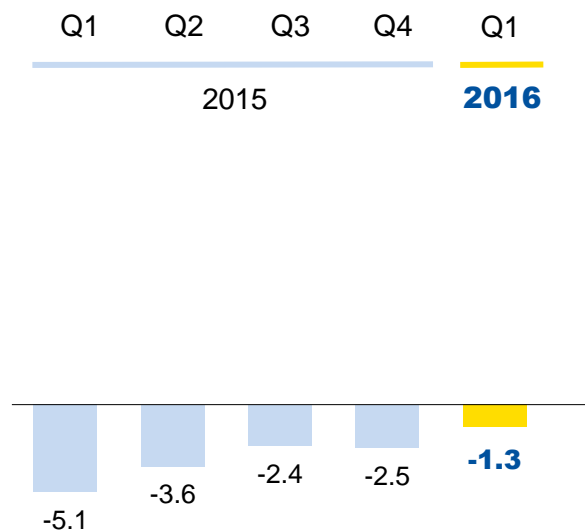
Q1 2016: improved price mix thanks to the Group's active management approach

▲ YoY quarterly change
(in %)

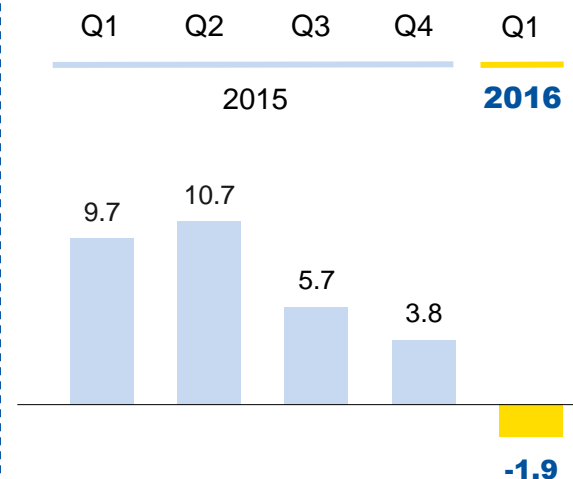
Volumes



Price mix



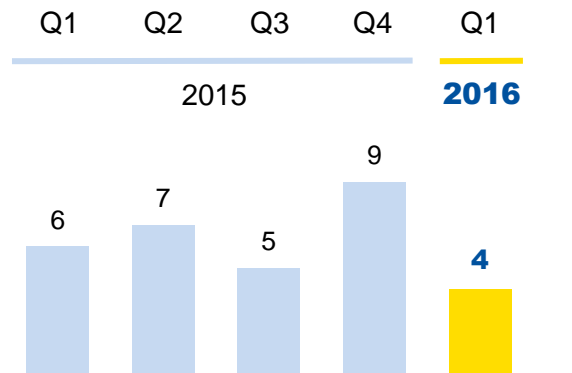
Currency effect



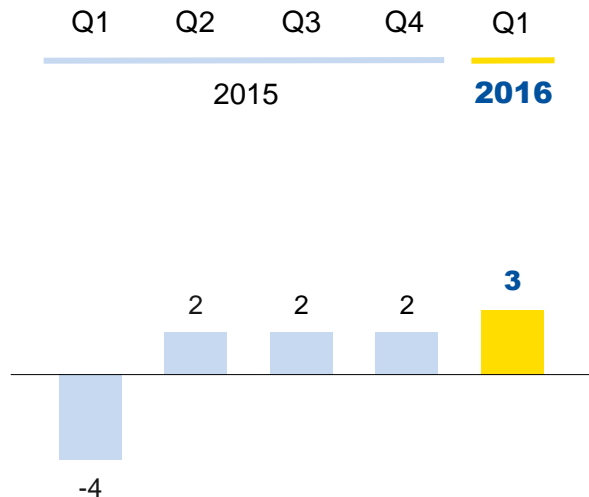
Q1 2016: Continued above-market growth

▲ YoY quarterly change (in %)

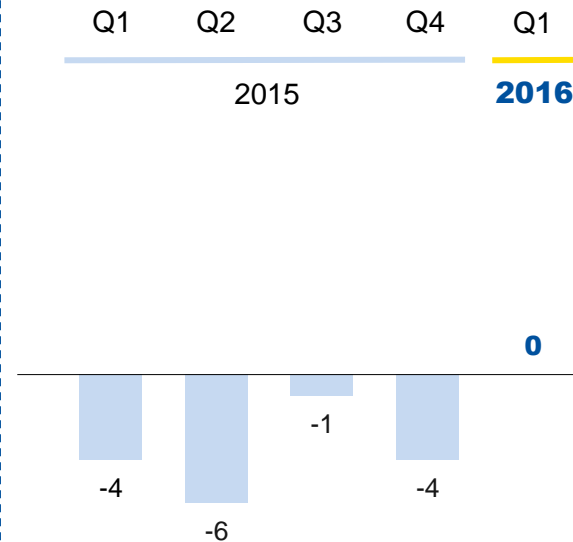
Car and Light truck tires*



Truck tires*



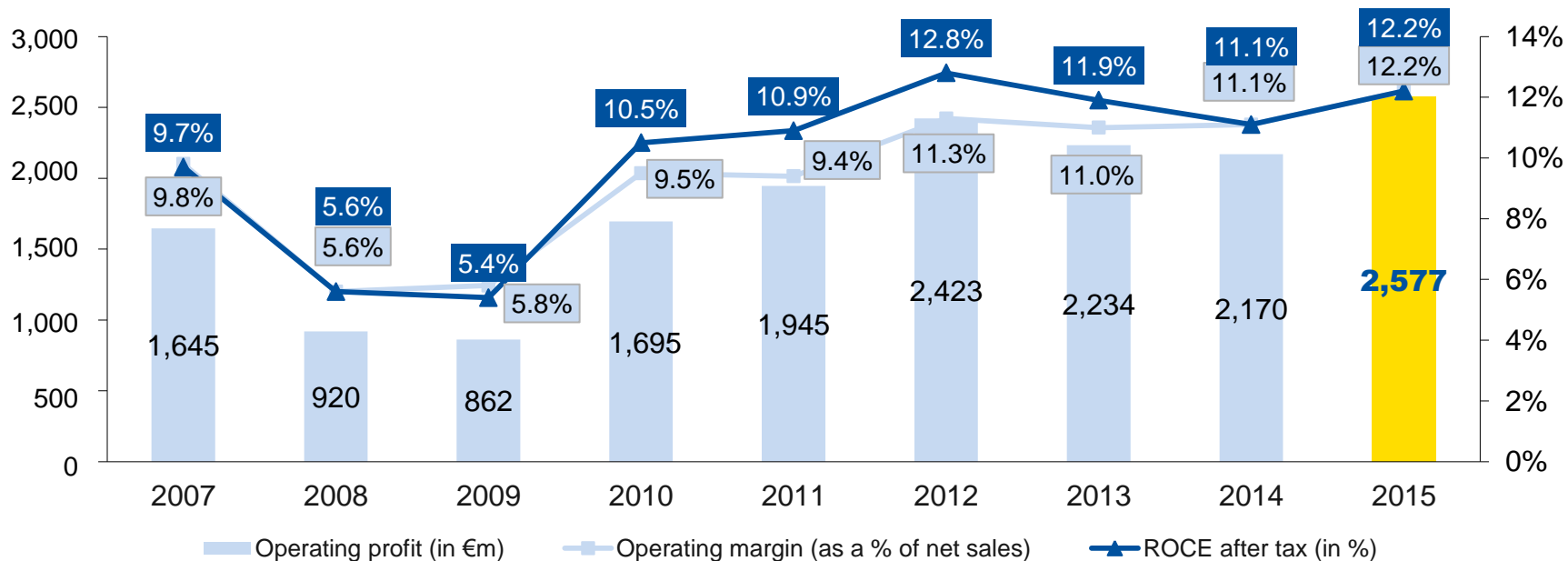
Specialty businesses



* And related distribution

A stronger Group with improving profitability

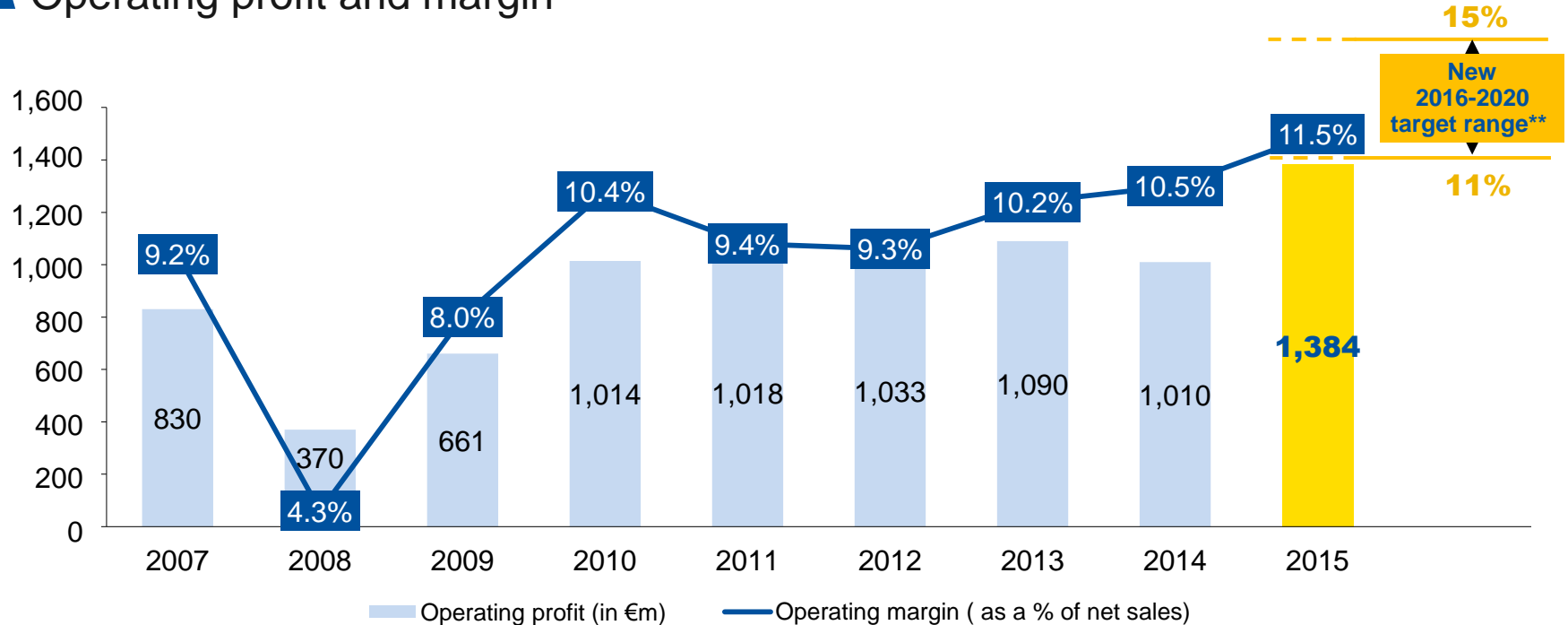
▲ Operating profit and margin* & ROCE



* Before non-recurring items

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

▲ Operating profit and margin*

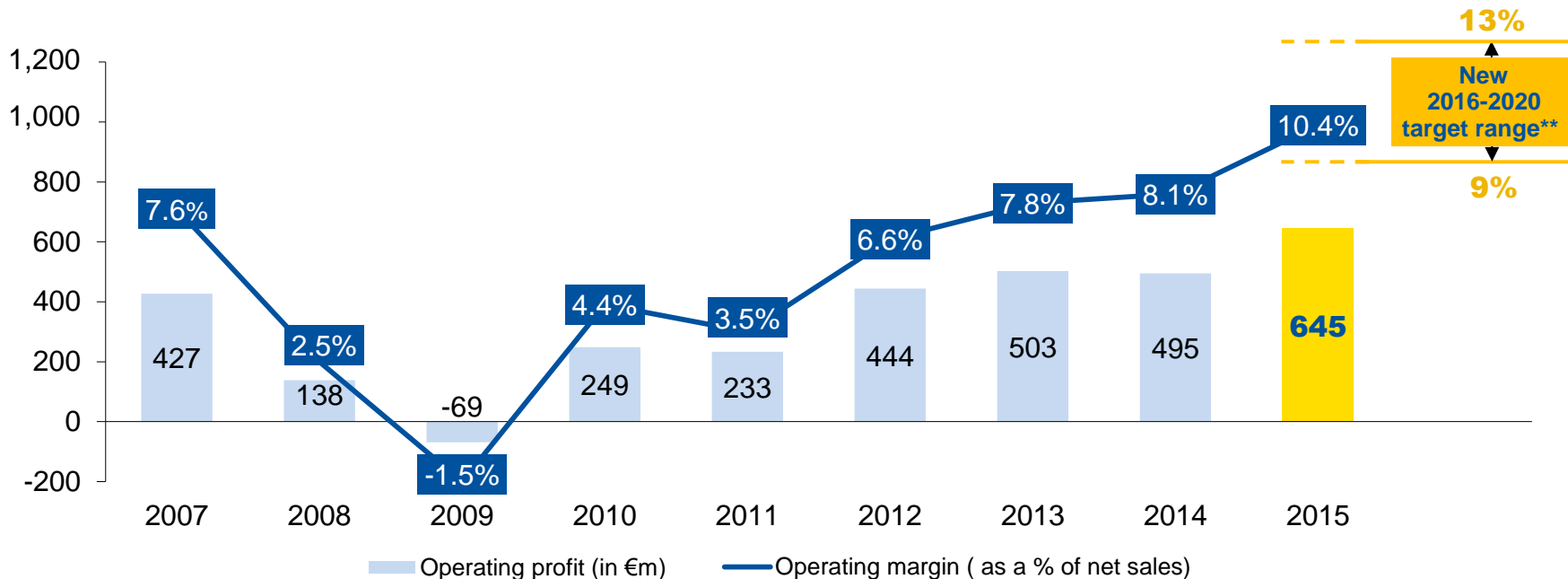


* Before non-recurring items

** 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*

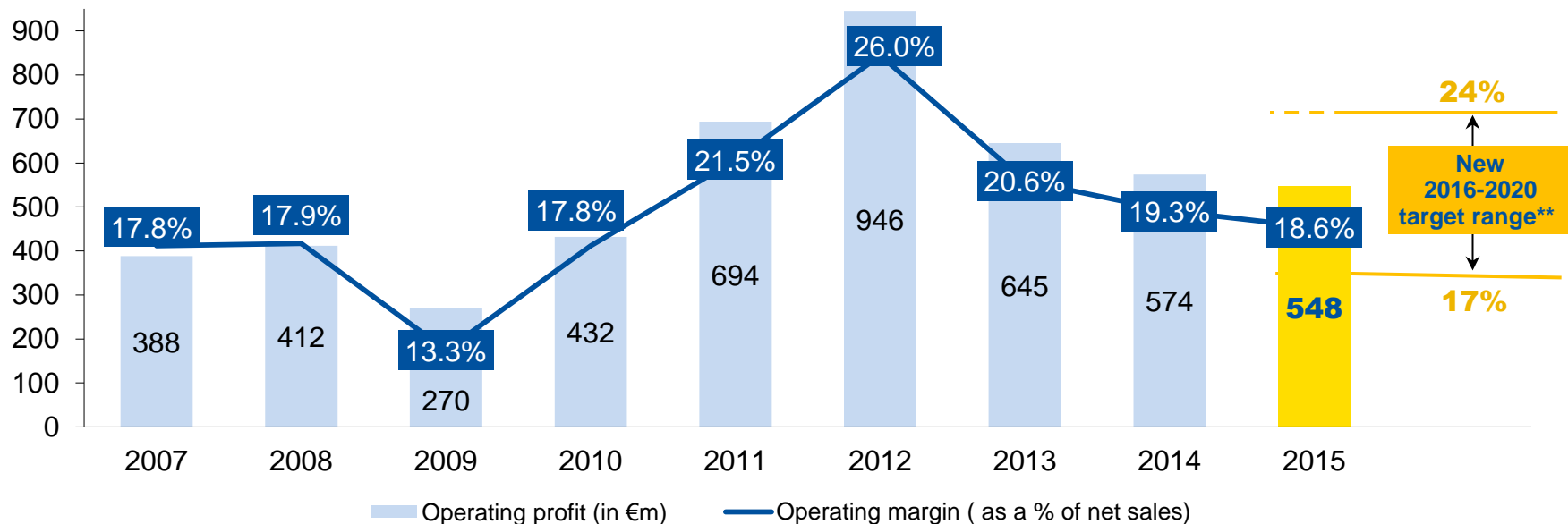


* Before non-recurring items

** 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*

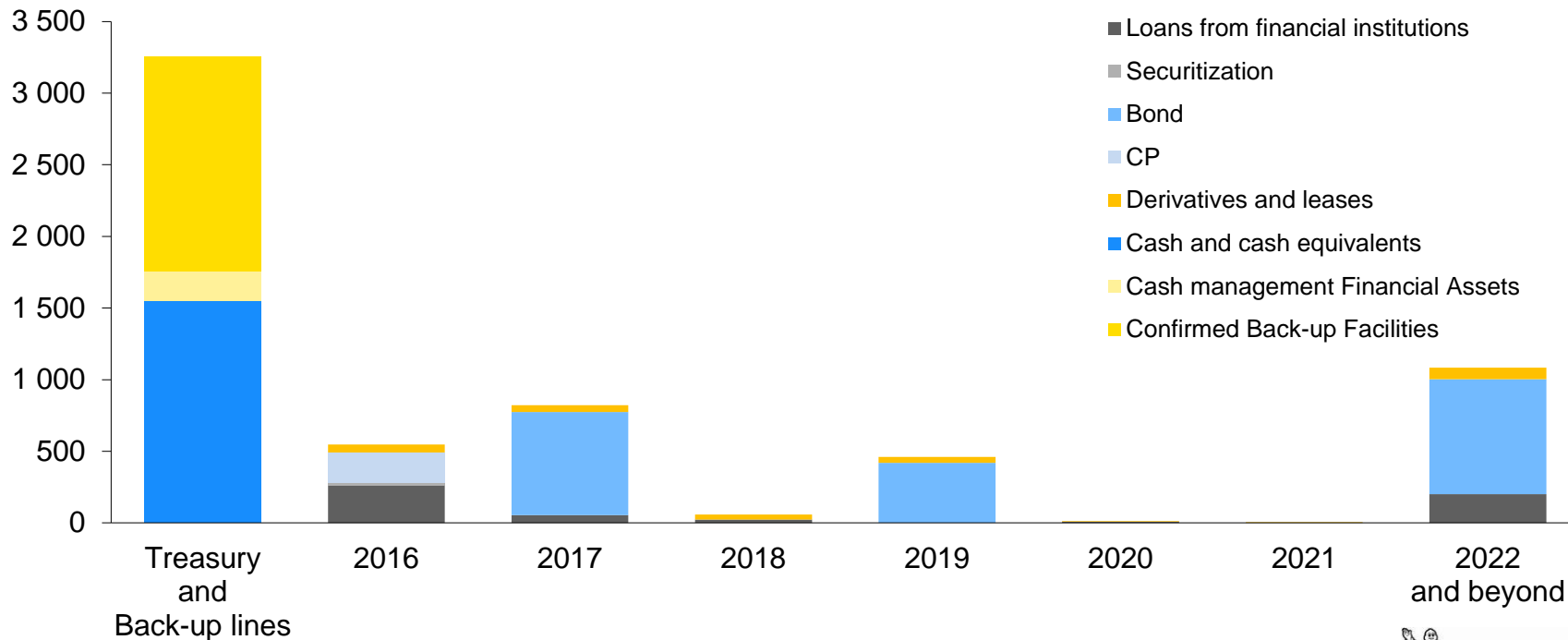


* Before non-recurring items

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

Opportunistic refinancing of the Group: 7-, 12- and 30-year bonds for a total of €809m

▲ Debt maturities at Dec. 31, 2015 (including accrued interests, in € millions)



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