



Paris, June 21, 2016

SG CIB Automotive Conference



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- 1 / Michelin's Strategy**
- 2 / 2020 Financial Ambitions**
- 3 / A sound financial profile**
- 4 / Confirmed 2016 guidance**

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1

Michelin's Strategy

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

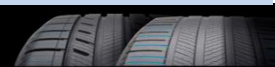
- Leverage our expertise in high-technology materials – in particular those involving elastomers

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

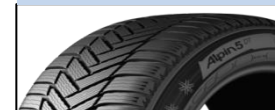
Passenger Car

Premier A/S



2014

Alpin5 DT



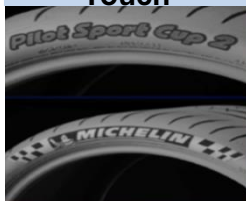
2015

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



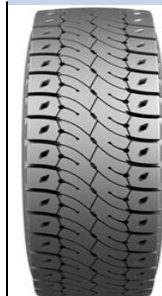
Michelin Pilot Road4 2CT Techno



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

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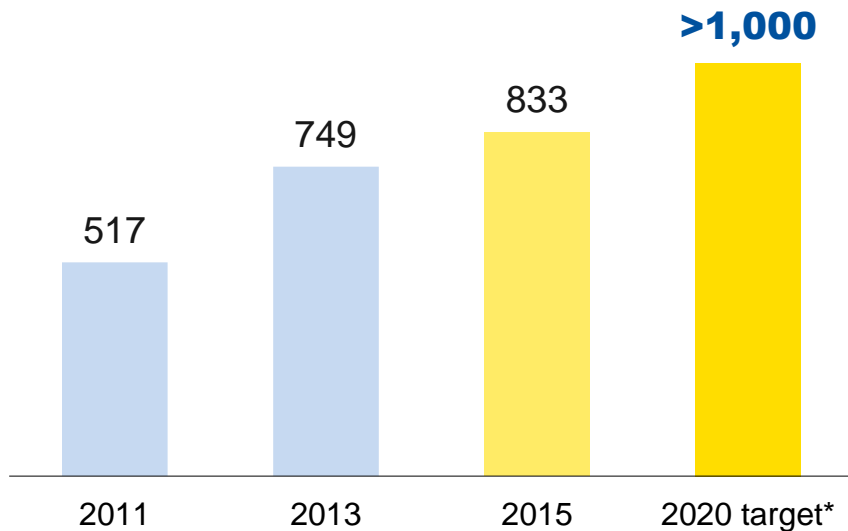


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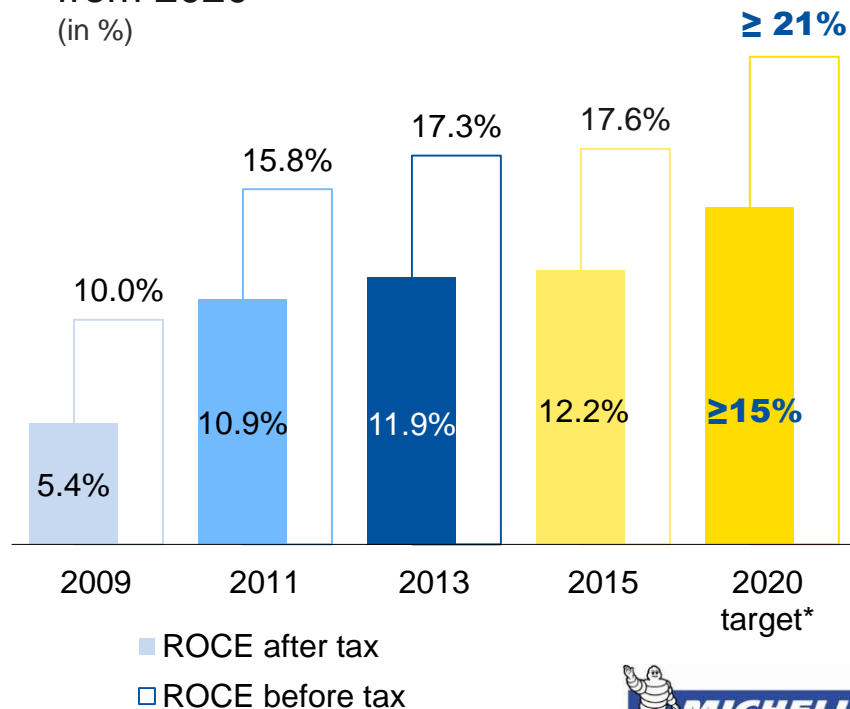
2020 Financial Ambitions

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 %)

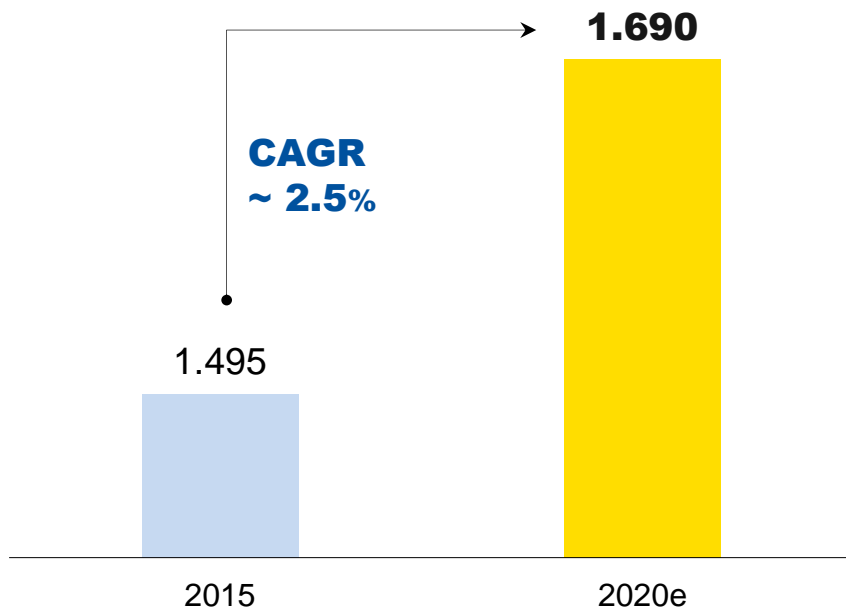


* At constant scope of consolidation

2015-2020 scenario: a growing worldwide demand

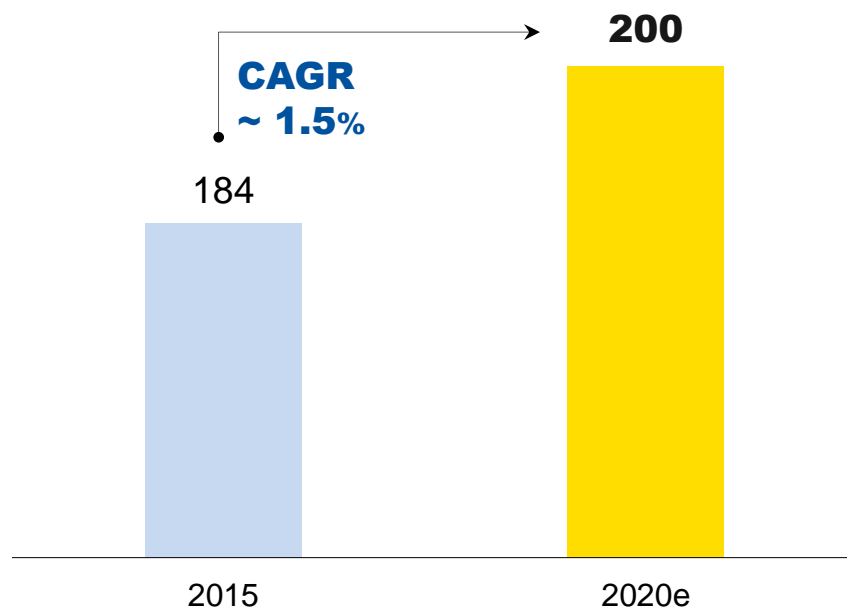
▲ PC OE&RT market projection

(in millions of units)



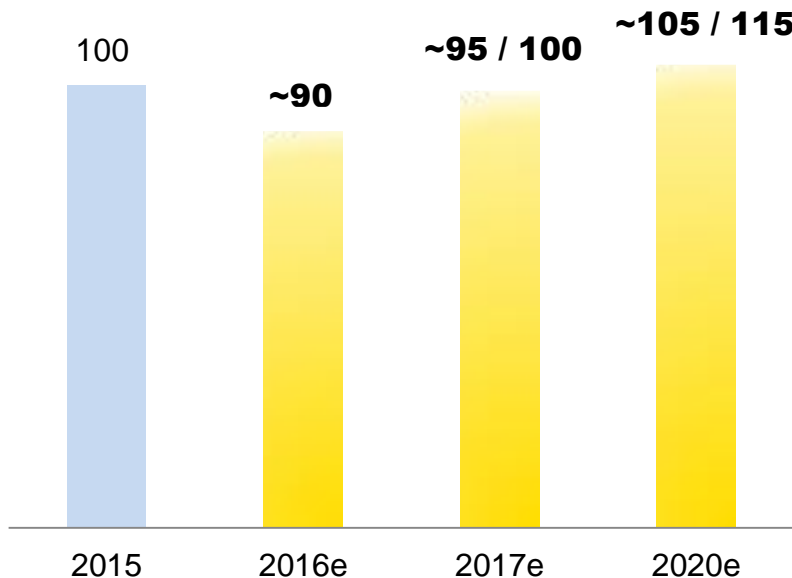
▲ TB OE&RT market projection

(Radial & Bias in millions of units)

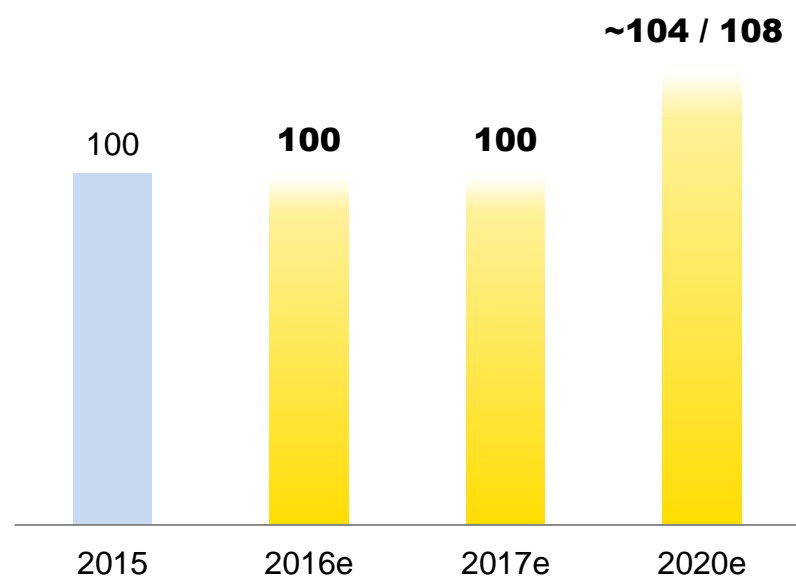


2015-2020 scenario: a growing worldwide demand

▲ Mining: 2016 last year of destocking



▲ Agriculture*: OE tipping point in 2017



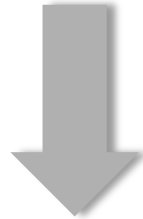
* OE & RT in Europe and North America

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

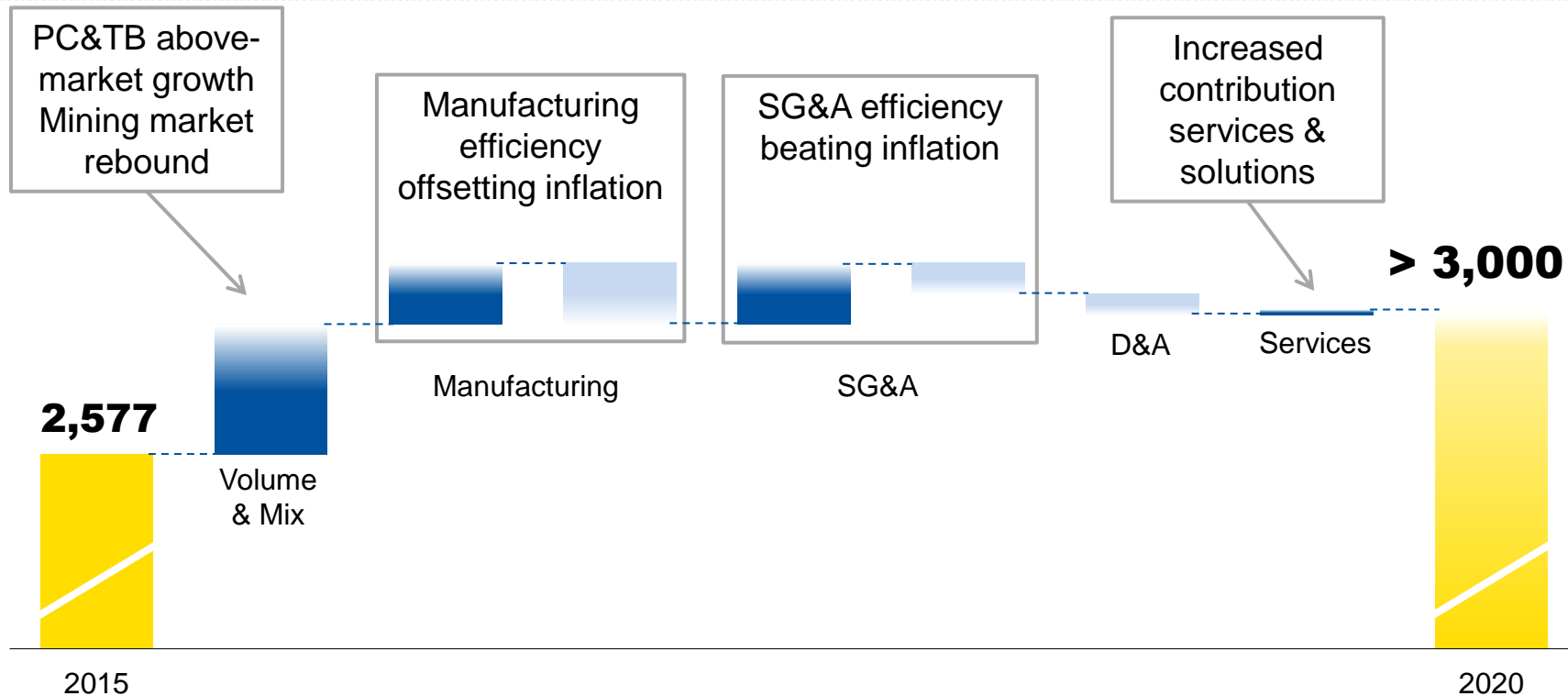
2017-2020 organic growth scenario

- 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



New 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%

* Before non-recurring items

** 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

Investing to create value

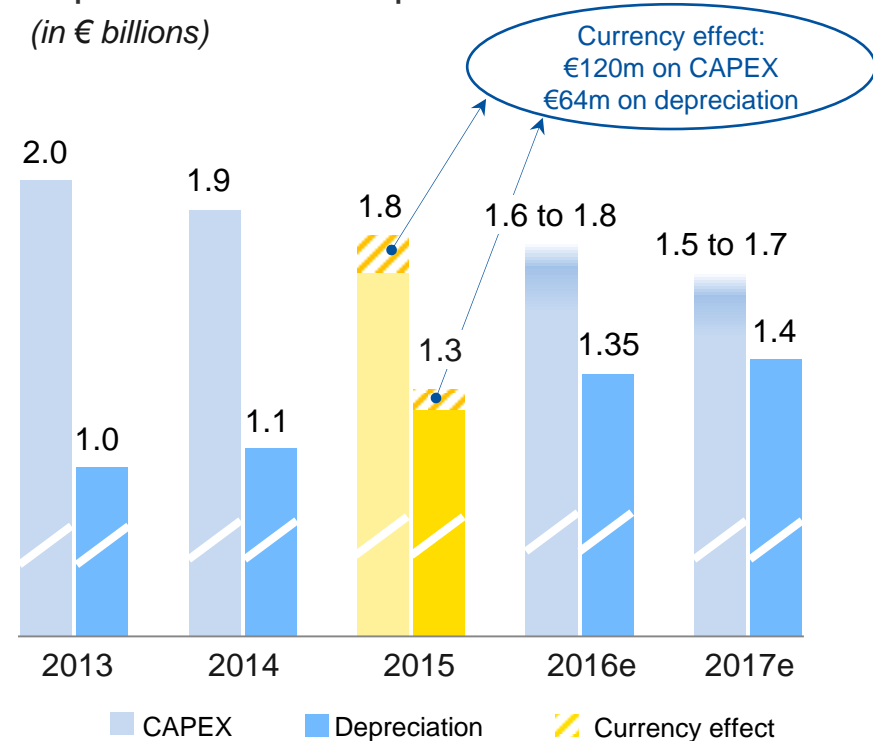
▲ Succeed in our priority Capex and M&A investment to capture growth

- In the supply chain, to improve customer services (IS, logistics centers)
- In growing markets: PC premium tires, North America, Asia
- In Digital services
- In raw materials and semi-finished products



▲ Reducing the gap between capital expenditure and depreciation

(in € billions)



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%

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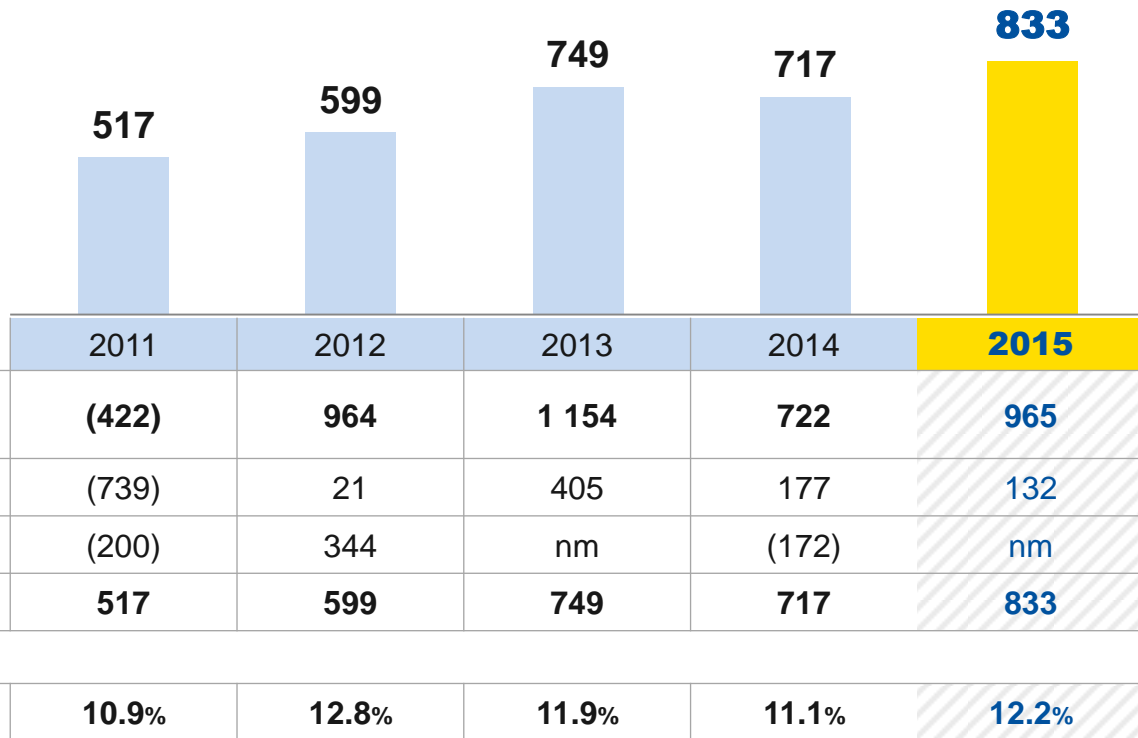


3

A sound financial profile

A business that structurally generates Free Cash Flow

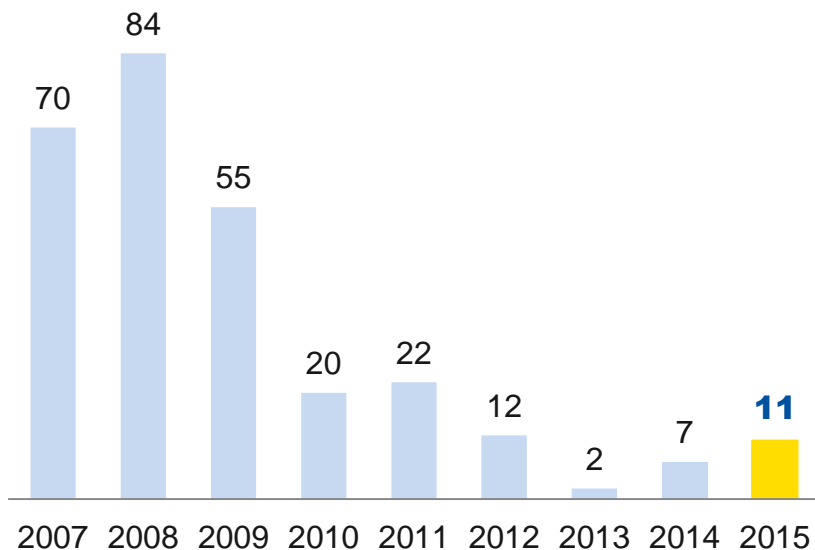
▲ Structural free cash flow
(in € millions)



* Disposals in 2011-2012; Acquisitions in 2014-2015

Balance sheet still robust after acquisitions and share buybacks, greeted by the rating agencies

▲ Gearing – Net debt/Equity (in %)

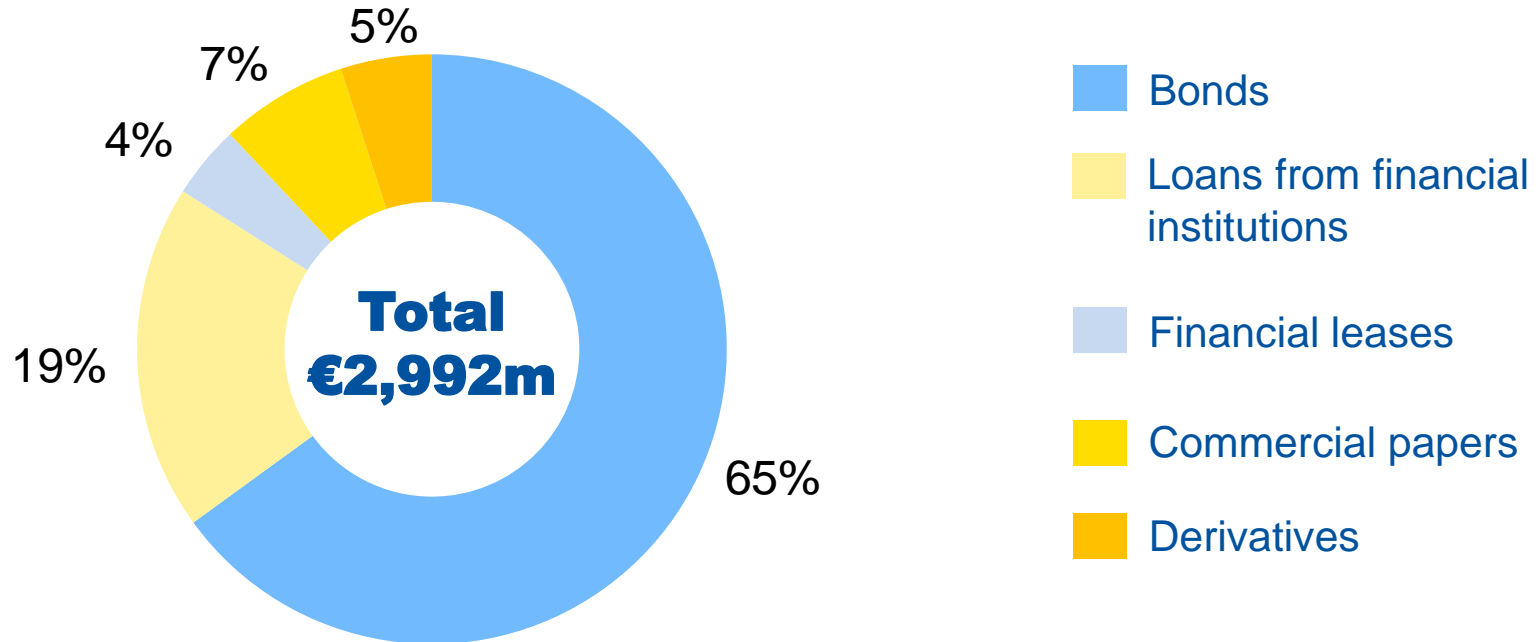


▲ S&P raised our Long term Debt rating

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

Strong Diversification of Michelin's Sources of Financing

▲ Gross Debt by Financing Type as at December 31, 2015

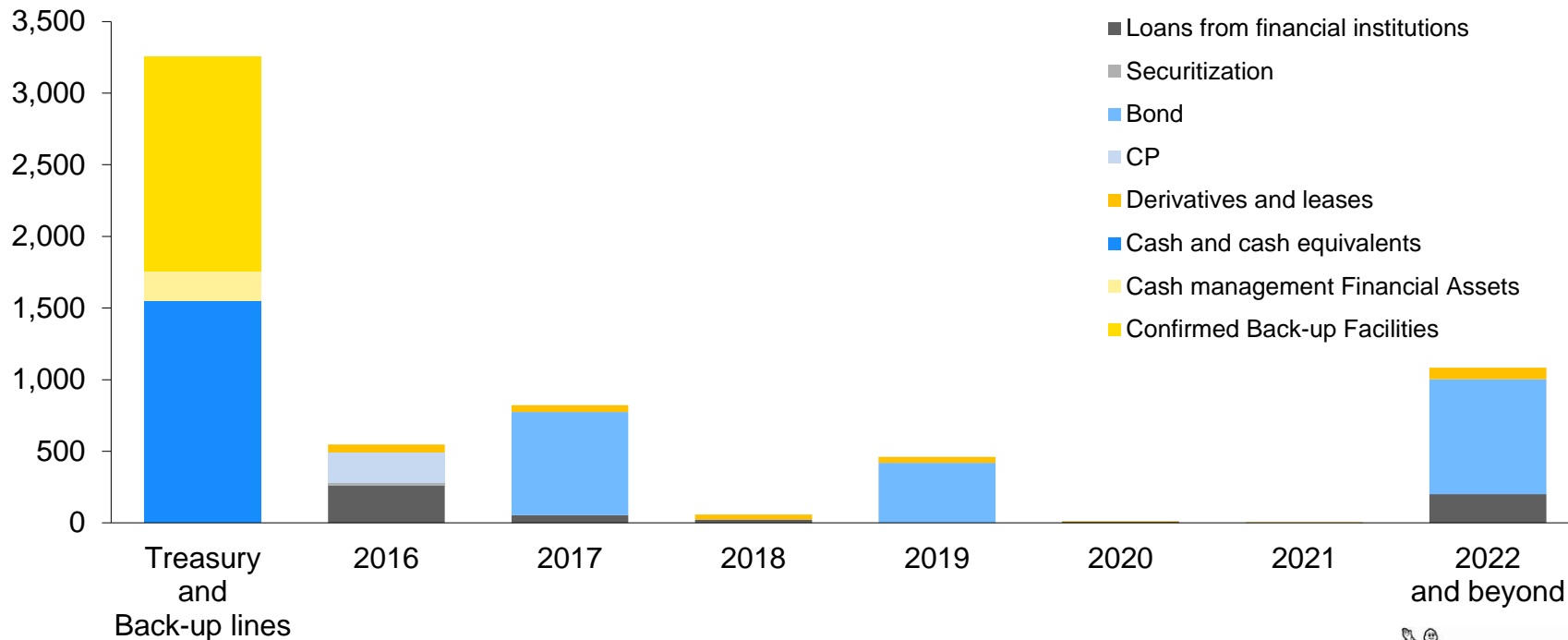


Cash and Liquidity Reserve

- €1,552m of cash & cash equivalents and €205 of cash management financial assets at Dec 31, 2015
- €1,500m of an undrawn committed syndicated credit facility successfully refinanced in December 2014 with 17 banks for 5 years plus 2 extension options of 1 year each (5+1+1)
 - Back-up facility
 - EUR and/or USD
 - No financial covenants
- Main short-term debt programs:
 - French Commercial Papers (BT): maximum size €1.5bn
 - USCP program launched in April 2012: maximum \$700m
 - Pan-european receivables securitization program: €300m total capacity
 - US receivables securitization program: \$200m total capacity
 - Reverse factoring: up to €300m

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)

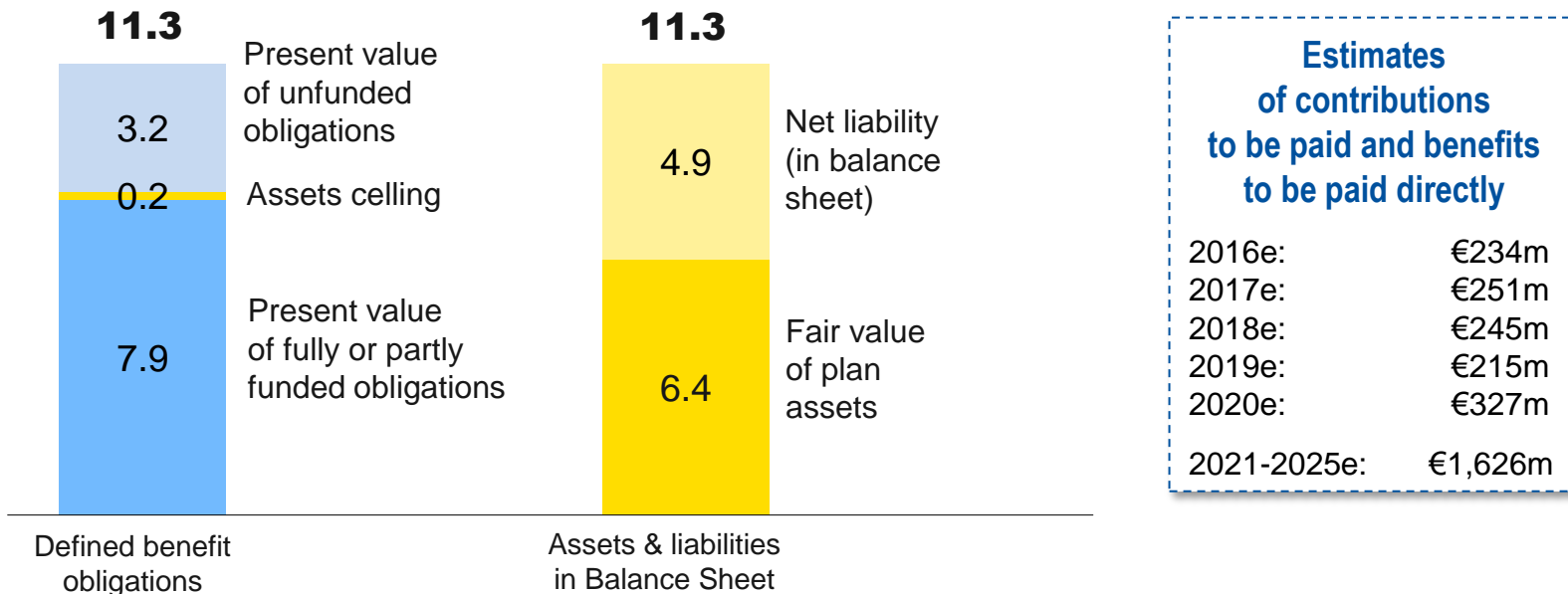


Systematic and Efficient Management of the Main Financial Risks under the Governance of the Financial Risk Committee

- **Liquidity risk:**
 - Secured financing : RCF, undrawn committed syndicated credit facility of €1,500m
 - Diversified financing sources
 - Conservative approach with available short- term instruments much above our needs
 - Non-risky cash investment
 - Risk managed at diverse horizons: very short term (5 d), monthly on a rolling 18 months, 5 years financial plan
- **Interest rate risk:**
 - Managed by currency at central level only
 - Defined fixed/variable thresholds
- **FX rate risk:**
 - Accounting FX exposure systematically hedged on a daily basis
- **Counterparty risk:**
 - Duly authorized counterparts (Group banks, CDS, ratings, market cap, ...) with defined thresholds in €
 - Managed on a weekly basis

Defined benefit plans as at December 31, 2015

▲ (in € billions)



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4 / 2016 guidance

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

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




Guidance 2016

	2016
Volumes	Above- market growth
EBIT before NR and at constant exchange rates	> 2015
Structural FCF	> €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

New operating margin guidance* for 2016-2020

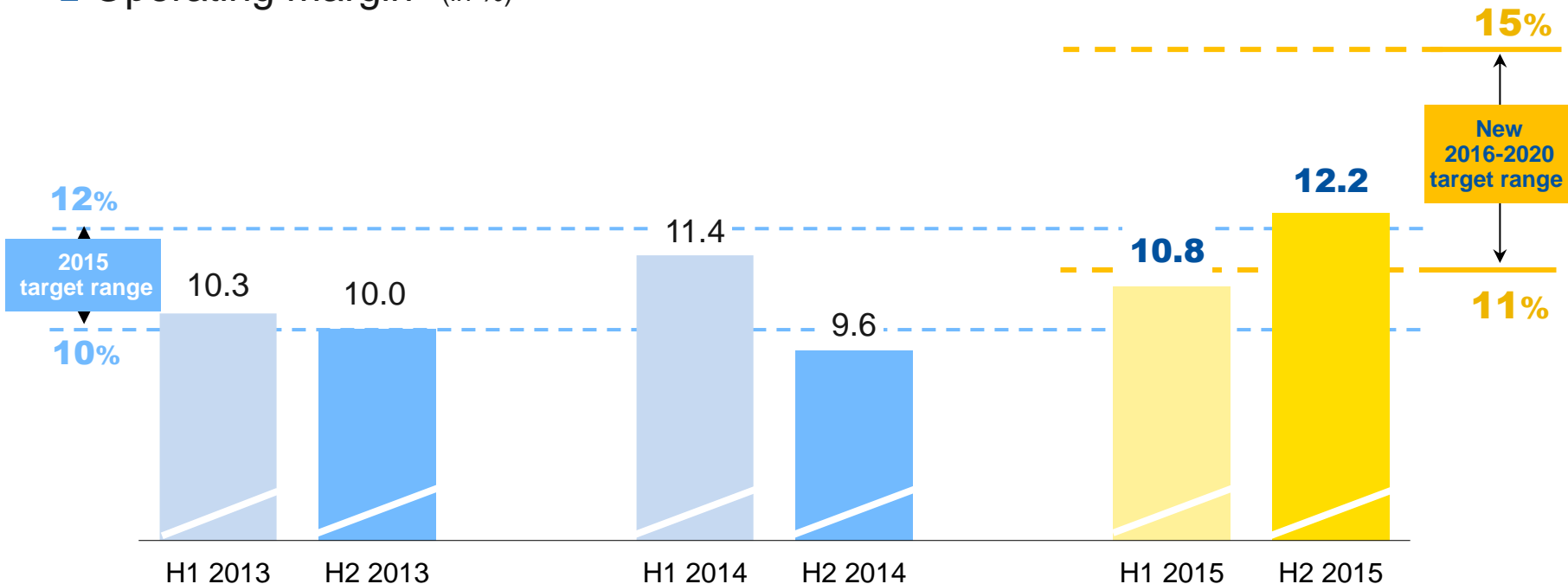
	 RS1	 RS2	 RS3
Previous target ranges	Between 10% and 12%	Between 7% and 9%	Between 20% and 24%
2016-2020 target ranges**	Between 11% and 15%	Between 9% and 13%	Between 17% and 24%

* Before non-recurring items

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

Passenger car: H2 2015 operating margin exceeded 2015 target range

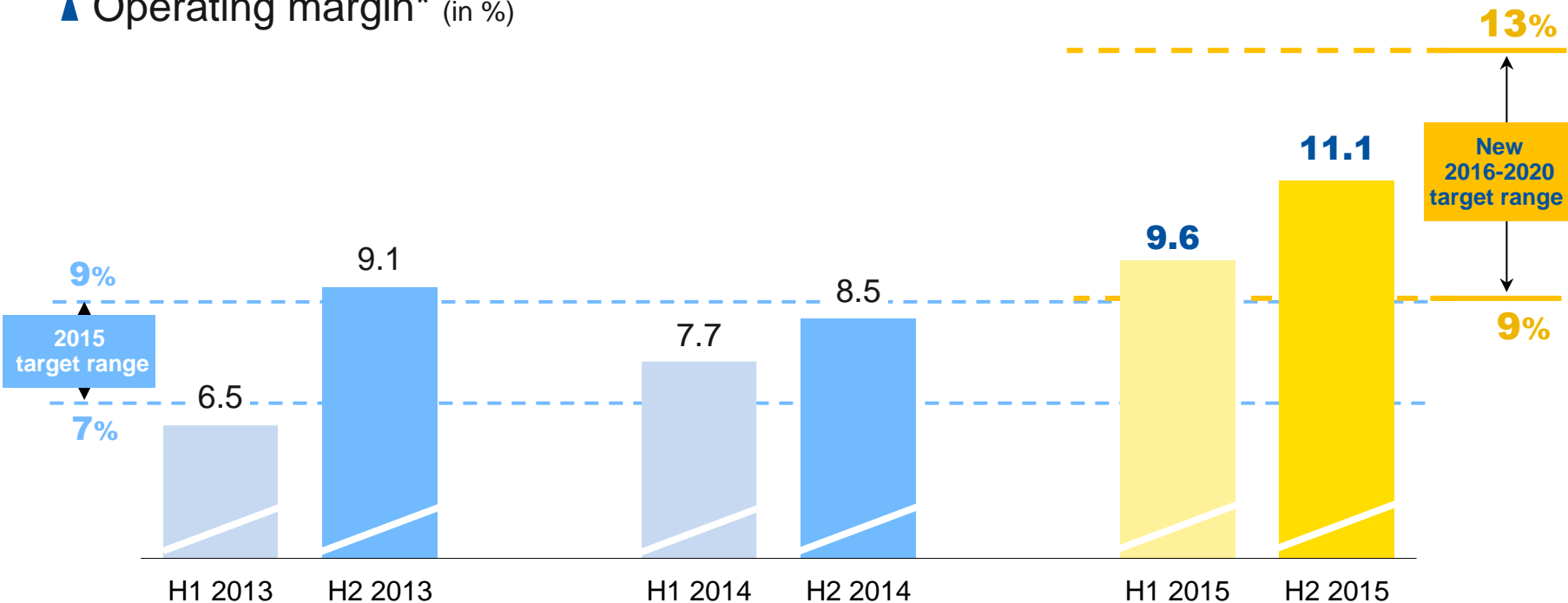
▲ Operating margin* (in %)



* Before non-recurring items

Truck: FY operating margin exceeded 2015 target range

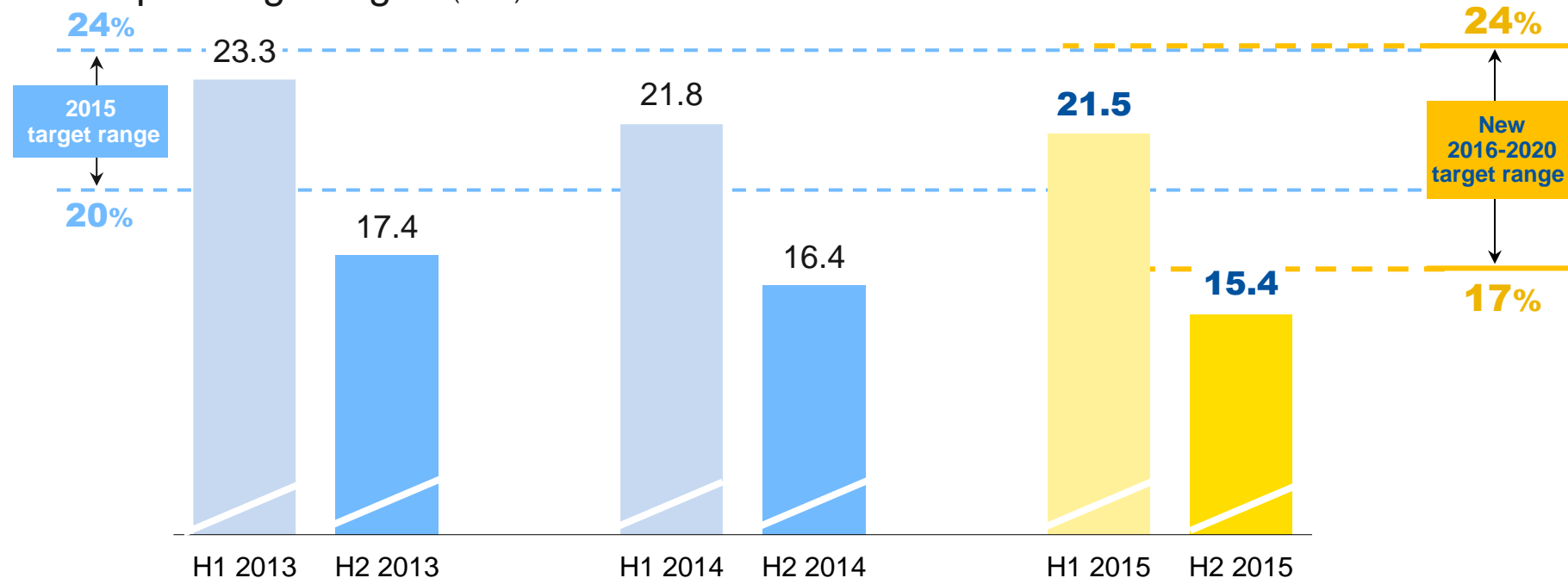
▲ Operating margin* (in %)



* Before non-recurring items

Specialty tires: H2 2015 operating margin shaped by the usual seasonal trends and by raw materials costs

▲ Operating margin* (in %)



* Before non-recurring items

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

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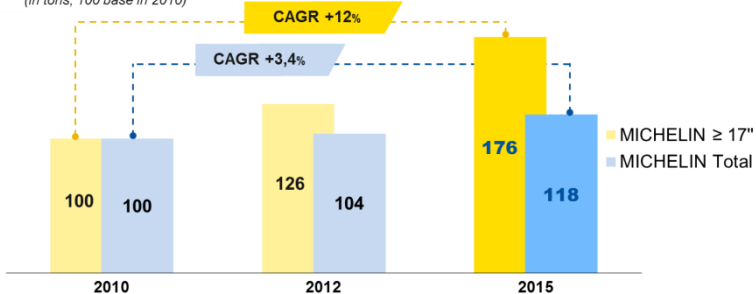


Appendices

A stronger Group

● RS1 volume growth

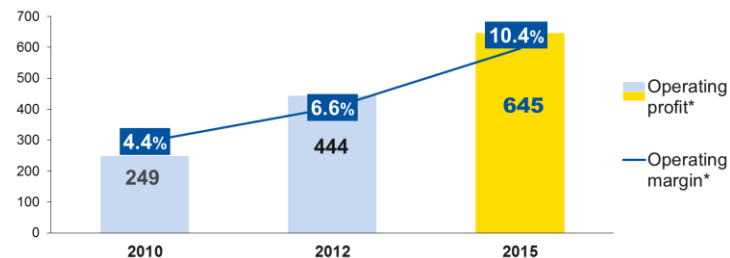
(in tons, 100 base in 2010)



● RS2 operating margin

▲ Operating profit and margin*

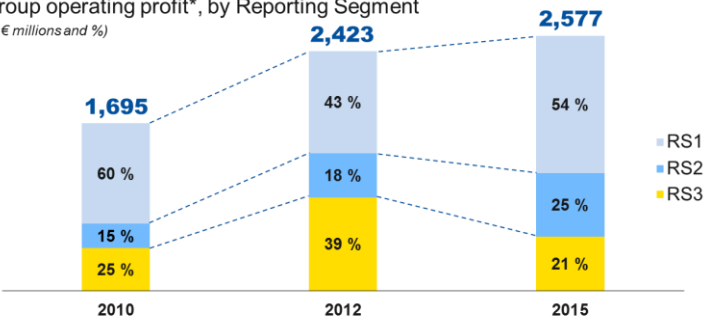
(in € millions and %)



● Margin by RS

▲ Group operating profit*, by Reporting Segment

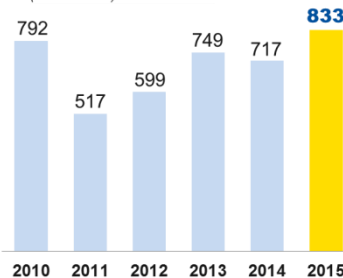
(in € millions and %)



● Structural FCF and ROCE

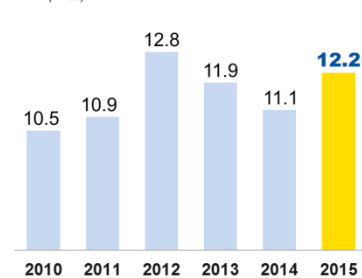
▲ Structural FCF

(in € millions)



▲ ROCE after tax

(in %)

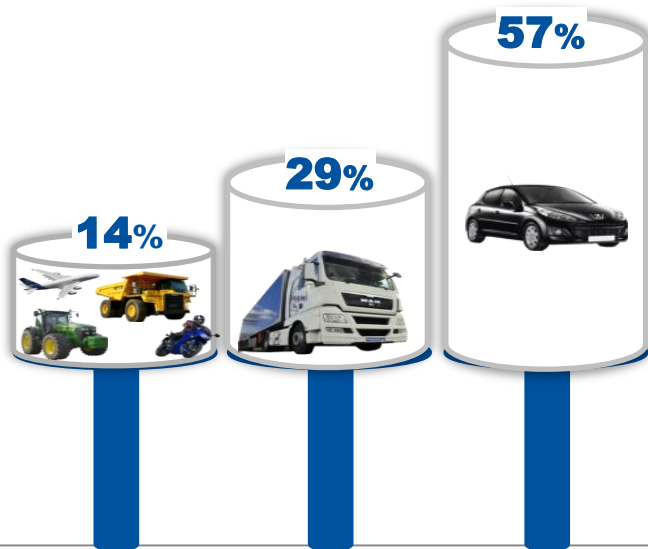


* Before non-recurring items

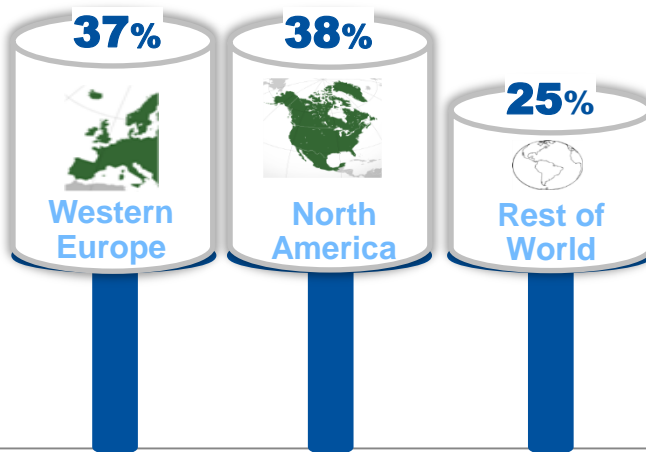
Natural Hedging Through a Balanced Geographic and Product Mix

▲ Breakdown of Group net sales

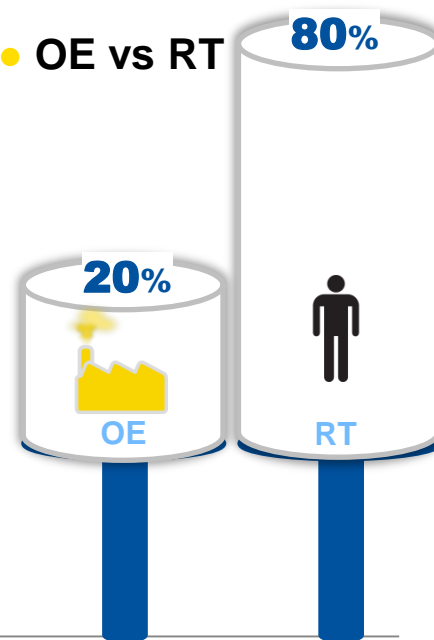
● Segment reports



● Geographical regions



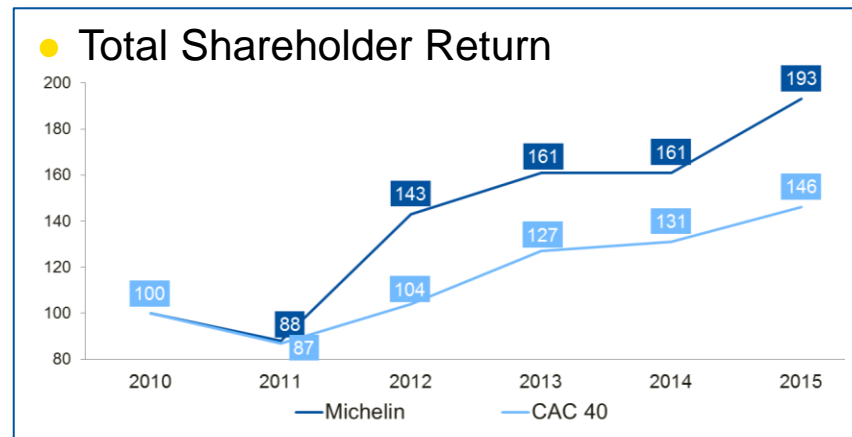
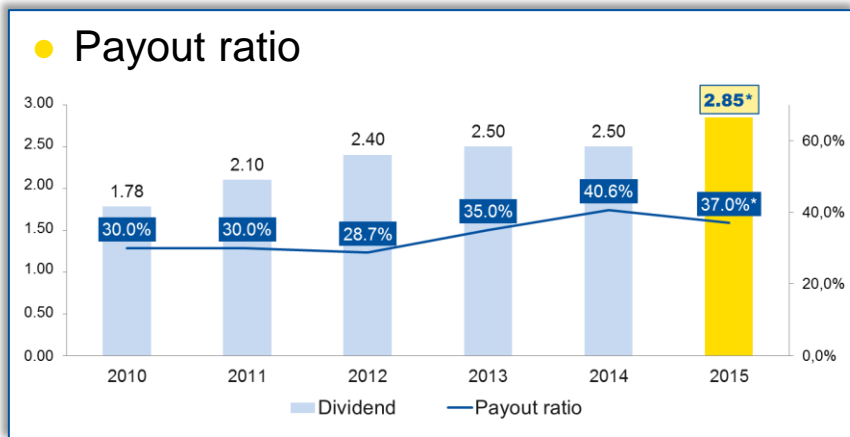
● OE vs RT



Percentage contribution of each segment/region to total 2015 consolidated net sales

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

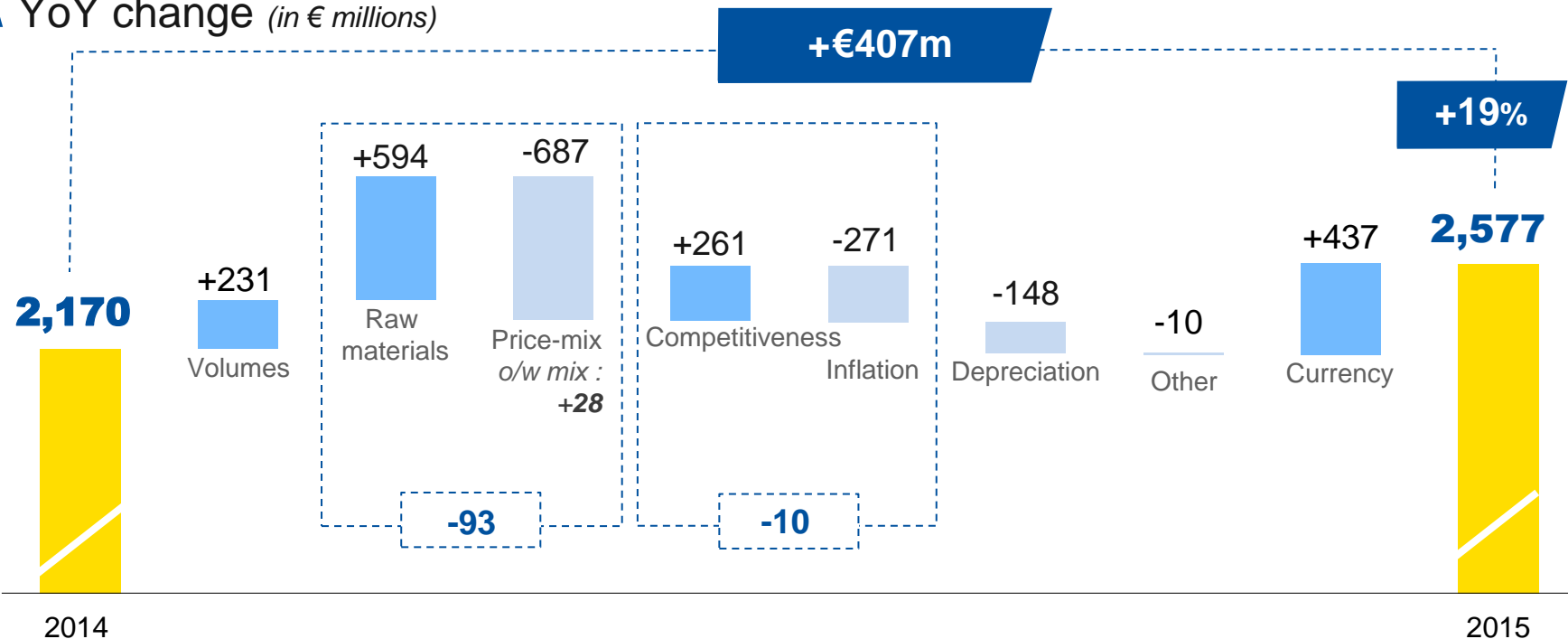
- Earnings per share of €6.28, up 14% on 2014
- Dividend of €2.85*/share and payout of 37% of net income before non-recurring items
- €750m share buyback plan
 - Number of shares repurchased and cancelled in 2015: 4,961,534 shares or 2.7% of capital
 - €451m committed in 2015 and a new €150m tranche launched in January 2016
 - €40m committed at February 2016-YTD



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

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

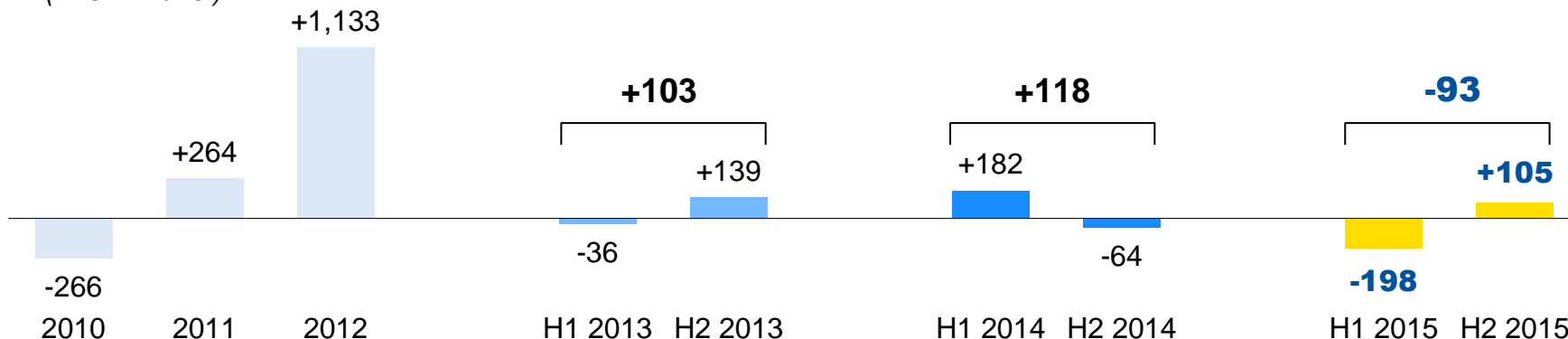
▲ YoY change (in € millions)



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

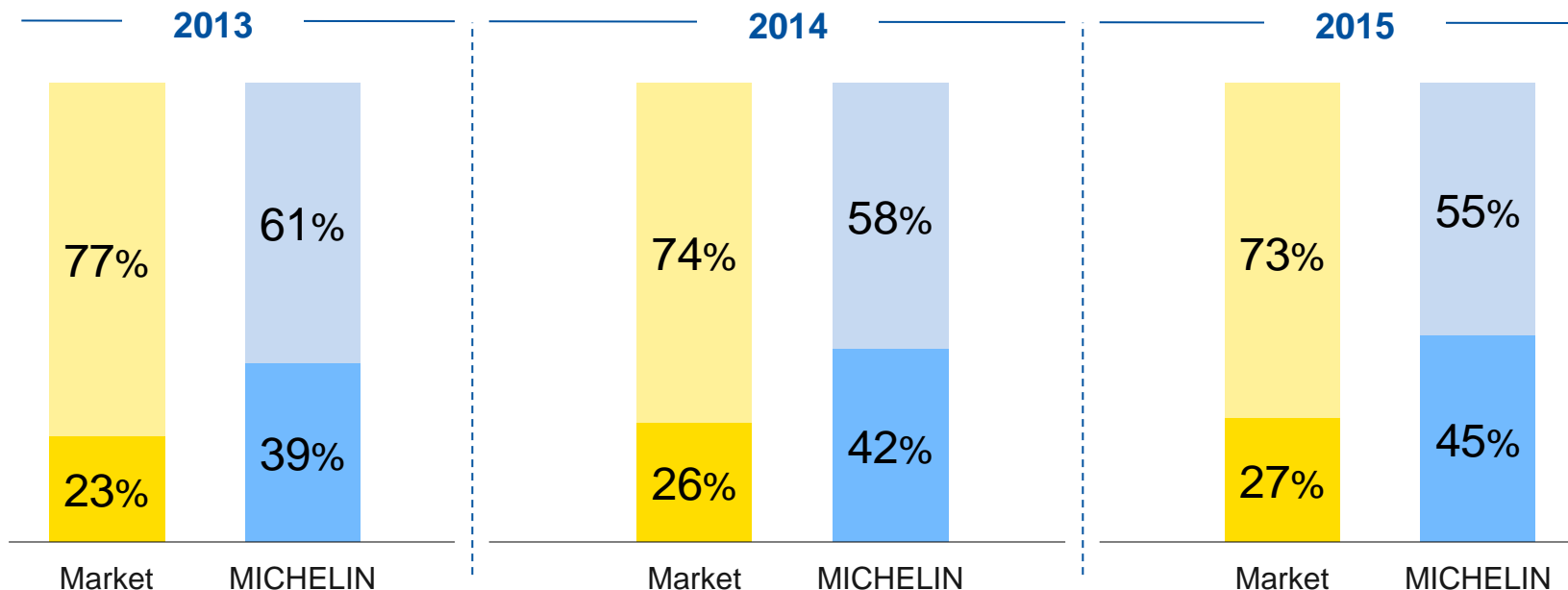
(in € millions)



- 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

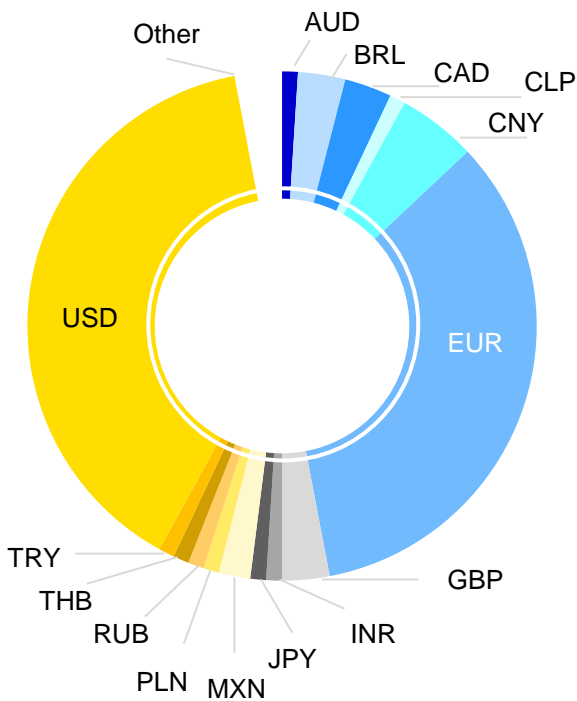
MICHELIN in the Passenger car segment: clearly positioned as the premium brand

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



Source: Michelin estimate

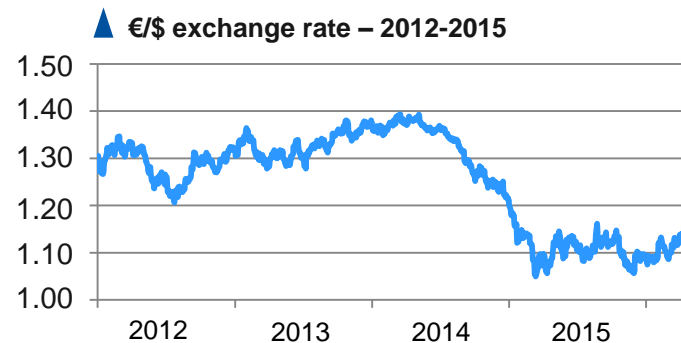
2015 net sales by currency



% 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:

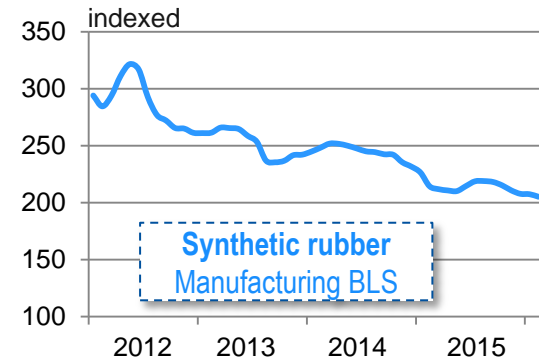
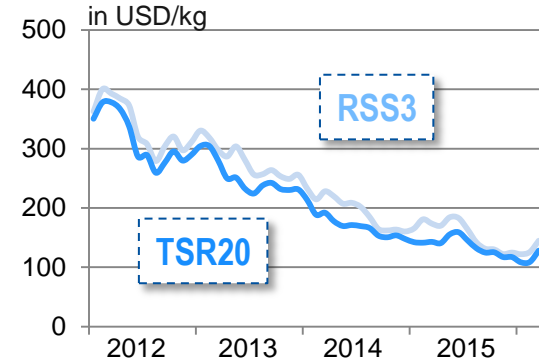
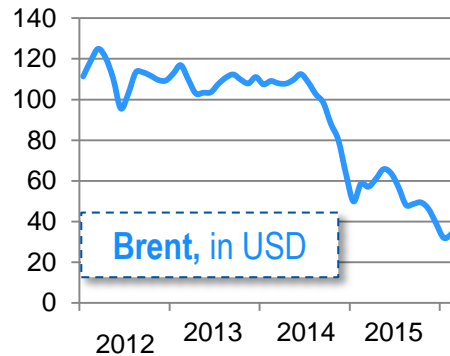
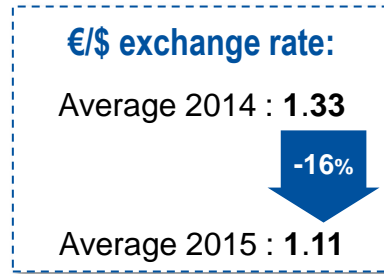
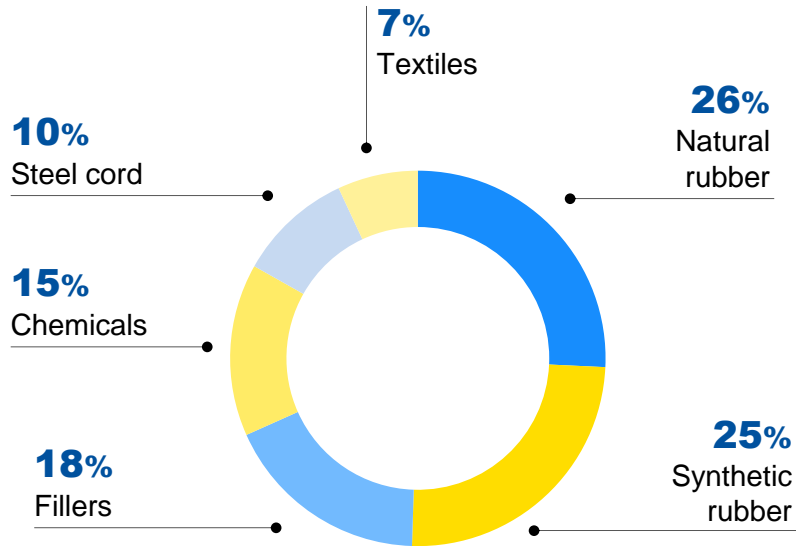
A one cent change in the average annual €/€ exchange rate would lead to a € 15-20 million change in EBIT for the year.



Source: ThomsonOne

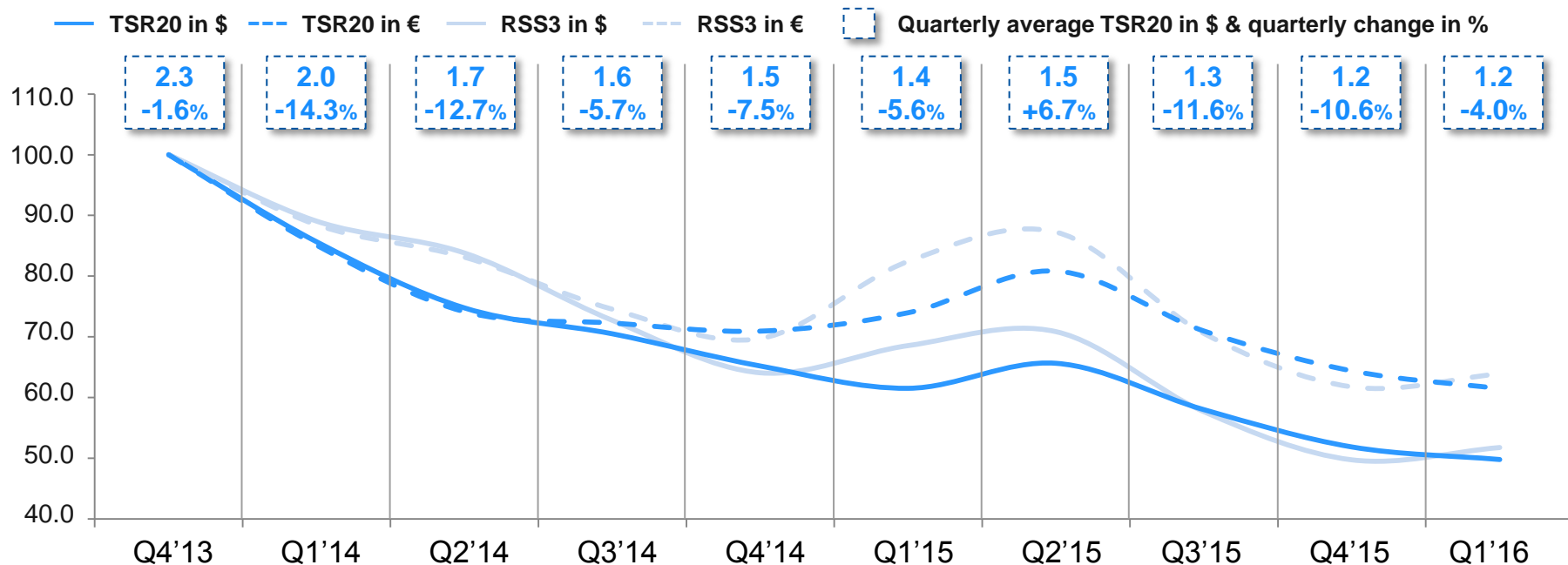
Raw materials trends in 2015

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



Natural Rubber price trend

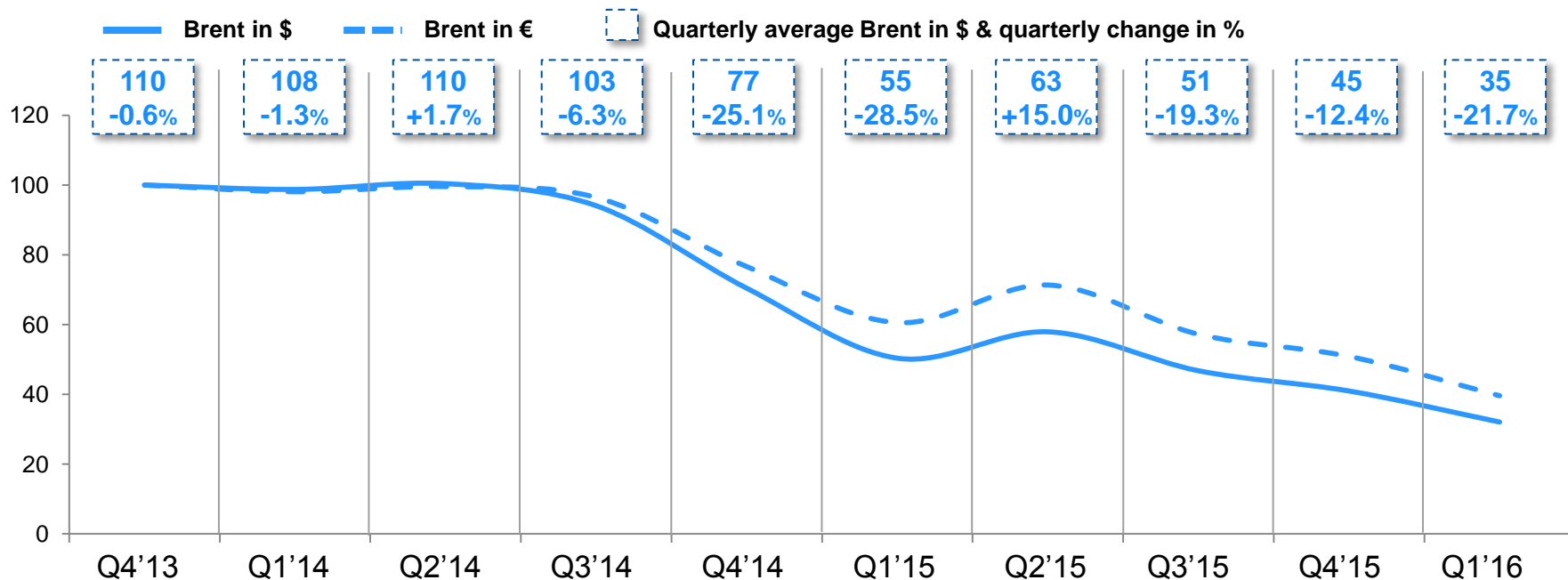
▲ At end of March 2016 (per kg, base 100 in Q4'13)



Source: SICOM

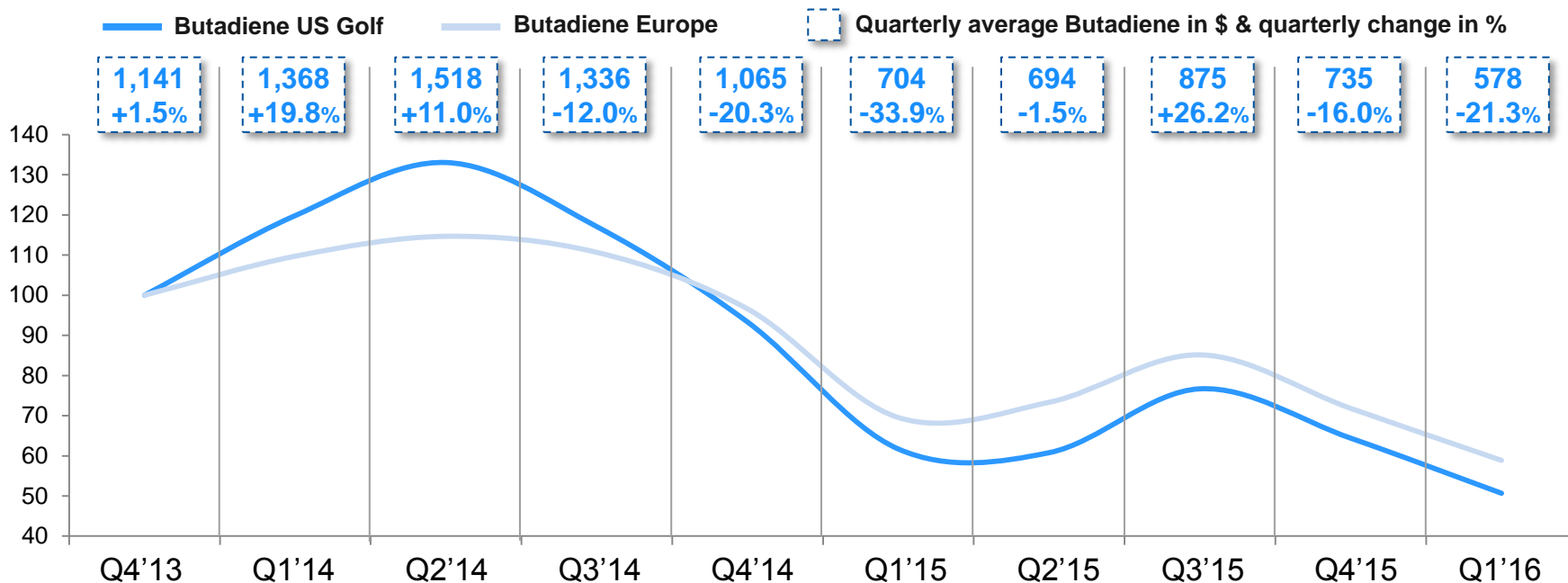
Brent price trend

▲ At end of March 2016 (per barrel, base 100 au Q4'13)



Butadiene price trend

▲ At end of March 2016 (per ton, base 100 in Q4'13)

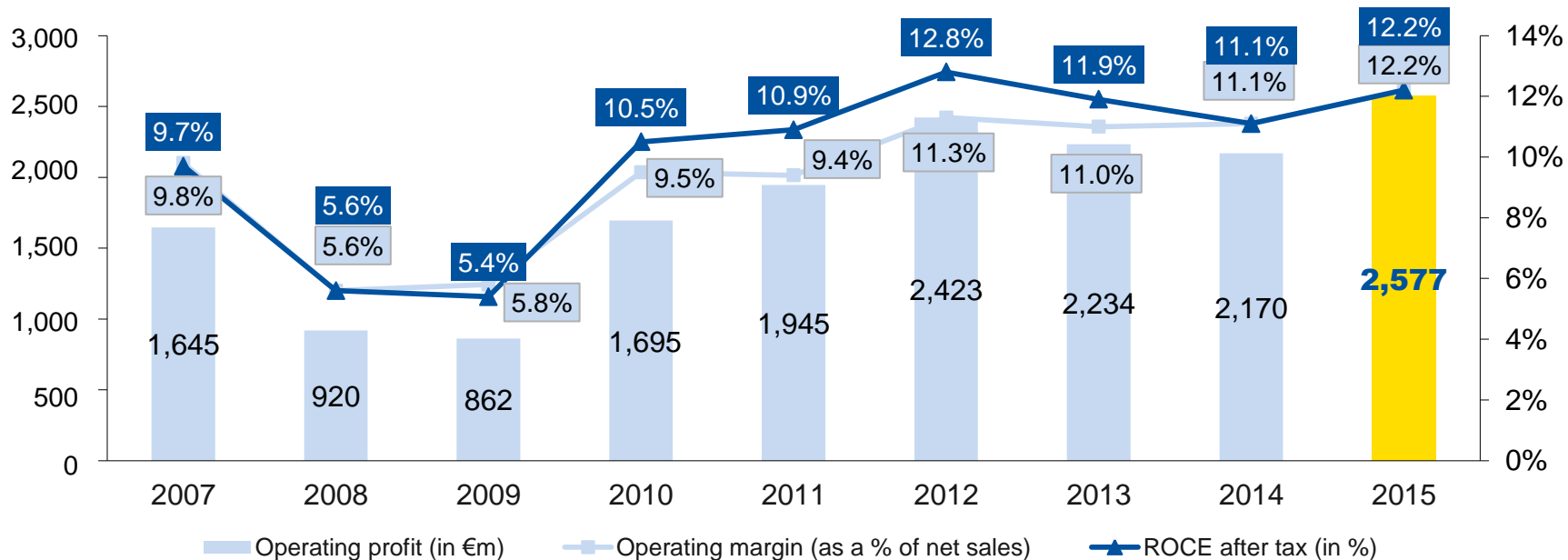


Source: IHS



A stronger Group with improving profitability

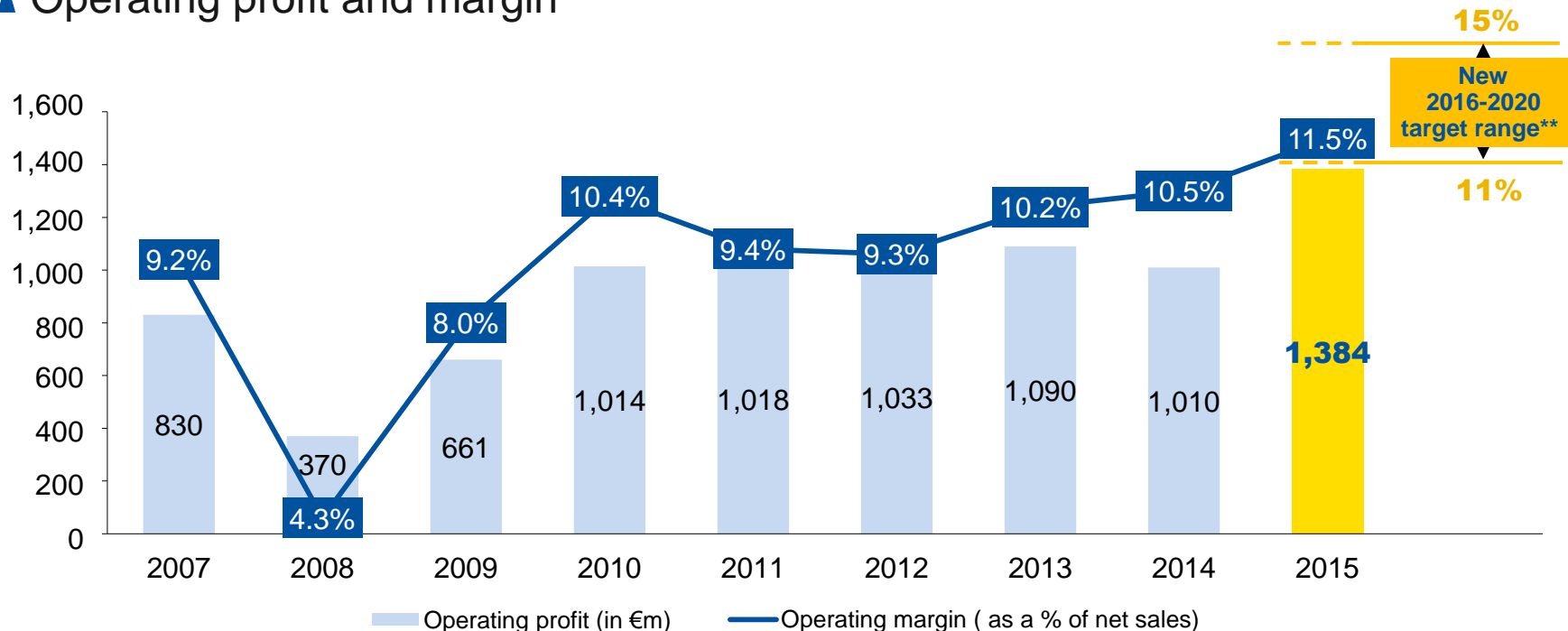
▲ Operating profit and margin* & ROCE



* Before non-recurring items

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

▲ Operating profit and margin*

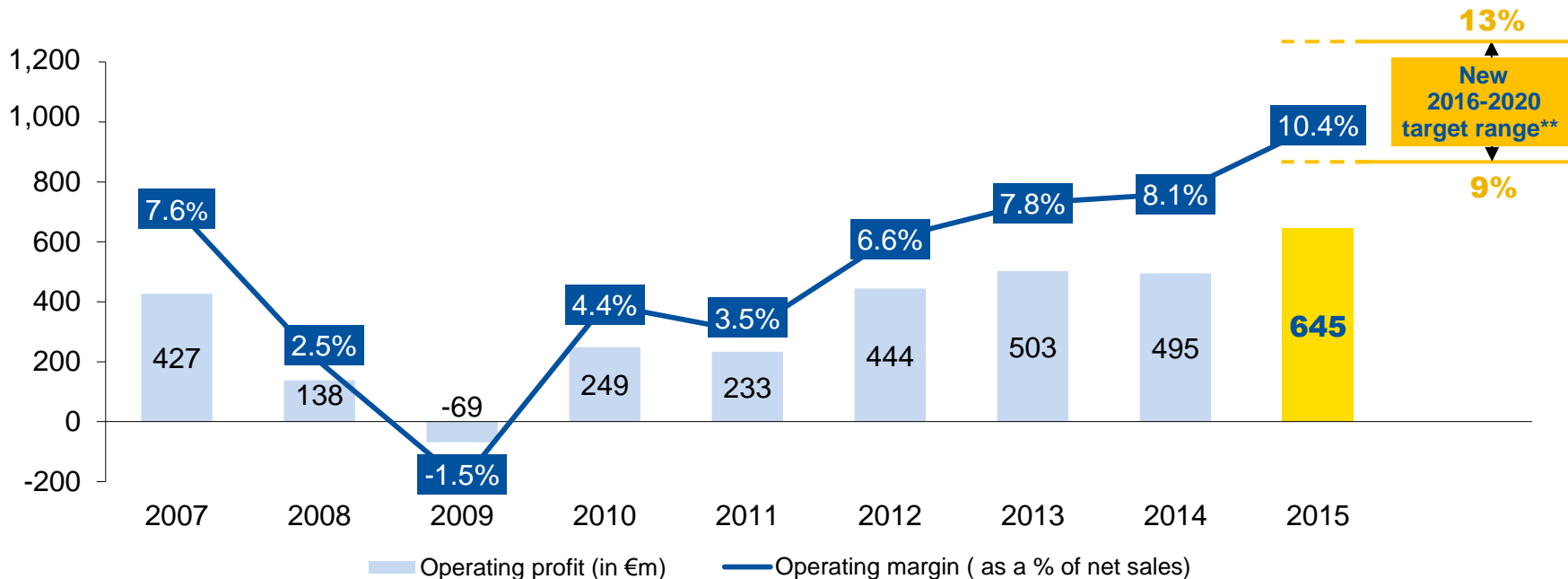


* Before non-recurring items

** 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*

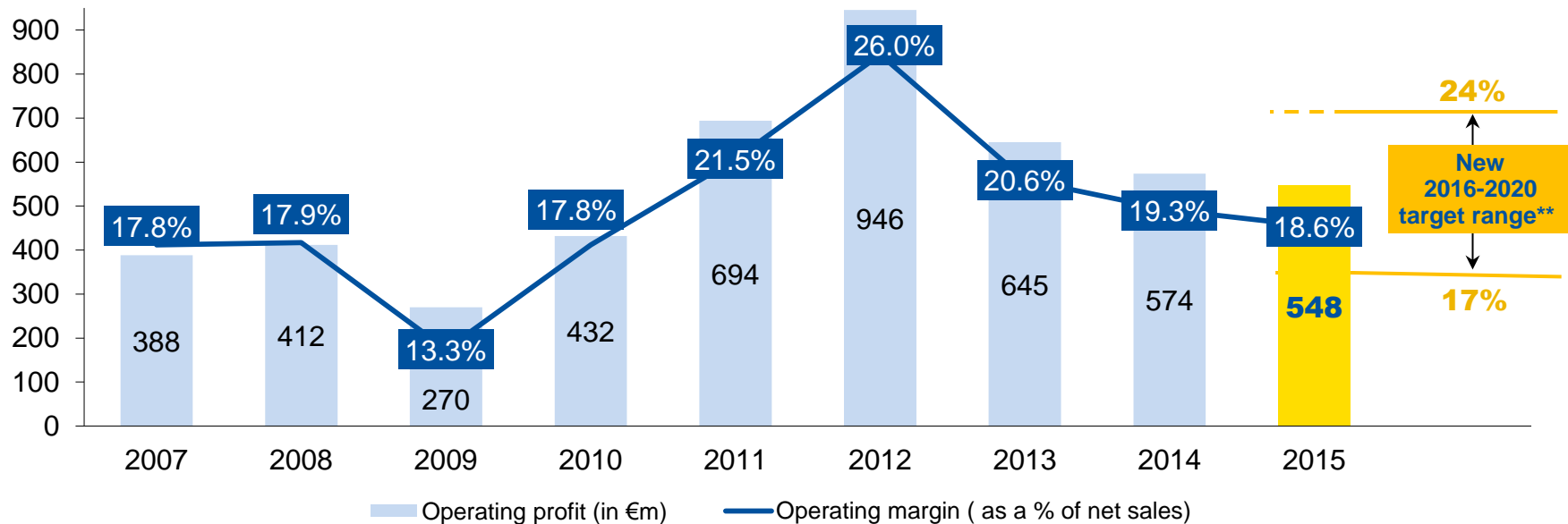


* Before non-recurring items

** 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

Corporate Structure



Disclaimer

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