



**Société Générale**

**ESG/SRI CONFERENCE 2015**

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November 19, 2015



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## Société Générale ESG/SRI Conference 2015

- 1 Corporate governance
- 2 Activating Group levers
- 3 A committed environmental policy
- 4 Social engagement underpinned by ethical practices and a commitment to the well-being of communities
- 5 2015 guidance confirmed
- 6 Appendices

# Michelin is committed to 6 major sustainable development ambitions for 2020

- 1 Widen our lead in product performance
- 2 Set the industry standard for responsible Manufacturing
- 3 Secure our financial performance
- 4 Work together to continuously improve employee well-being and personal growth
- 5 Strengthen ties with our host communities
- 6 Improve quality of life through sustainable mobility



# Progress toward meeting our ambitions for 2020 (1)

	Ambitions 2020	Key Performance Indicators (KPI)	Progress made in 2014
<b>1- Widen our lead in product performance</b>	Save 3 billion liters of fuel over the lifespan of our tires, thereby reducing CO <sub>2</sub> emissions by over 8 million tonnes compared with 2010	Total improvement in the rolling resistance of Passenger Car, Light Truck and Truck tires compared with 2010	The energy performance of Passenger Car, Light Truck and Truck tires improved in 2014 in line with Michelin's 2020 objectives
	Improve the overall performance of our products by at least 10% compared with 2010, while using fewer raw materials in their production	Percent improvement in the composite performance indicator compared with 2010	The energy performance of Passenger Car, Light Truck and Truck tires improved in 2014 in line with Michelin's 2020 objectives
<b>2 – Set the industry standard for responsible manufacturing</b>	Reduce the environmental impact of our sites by 40%, as measured by the Michelin Environmental Footprint (MEF) Index, notably by improving our manufacturing energy efficiency by 25% compared with 2010	1) Michelin Environmental Footprint Index 2) Energy use per tonne of finished product	1) 7% improvement in the MEF compared with 2010 2) 7.3% improvement compared with 2010
	Develop a responsible supply chain and reduce its CO <sub>2</sub> emissions by 10% compared with 2010	CO <sub>2</sub> emissions per tonne of tires sold outside the Group	0.7% improvement compared with 2010
	Assess the sustainable development performance of our top 400 suppliers	Number of suppliers assessed by EcoVadis	355 as of end-2014
	Provide encouragement and support so that 70% of these suppliers are confirmed as compliant with our standards	Percentage of the 400 suppliers assessed by EcoVadis that are confirmed as compliant	51% as of end-2014

# Progress toward meeting our ambitions for 2020 (2)

	Ambitions 2020	Key Performance Indicators (KPI)	Progress made in 2014
<b>3 – Secure our financial performance</b>	Deliver €1 billion in structural free cash flow per year as from 2020	Free cash flow (cash flows from operating activities less cash flows used in investing activities) adjusted for the impact of raw materials and end-of-year volumes on working capital and for non-recurring items	€717 million in 2014
	Achieve a return on capital employed (ROCE) of at least 15%	Return on capital employed (ROCE)	11.1% in 2014
<b>4 – Work together to continuously improve employee well-being and personal growth</b>	Further improve safety performance and achieve a Total Case Incident Rate (TCIR) of less than 2 for the entire Group	Total Case Incident Rate (TCIR)	2014 estimate for the Group: 2.84 (by extrapolation)
	Achieve and maintain an 85% employee engagement rate	The Groupwide employee engagement rate as measured by the annual "Moving Forward Together: Your Voice for Action" survey	74% in 2014
	Ensure that 75% of all management positions are held by employees who come from within the Company, reflecting our ever-increasing diversity	Percentage of management positions held by employees promoted through internal mobility	83% in 2014
	Increase the percentage of women in management and supervisory roles to 30%	Percentage of women among employees with a level of individual responsibility of A to N, according to the Hay method used by the Group	23.5% in 2014

# Progress toward meeting our ambitions for 2020 (3)

	Ambitions 2020	Key Performance Indicators (KPI)	Progress made in 2014
<b>5 – Strengthen ties with host communities</b>	Deploy a community involvement program at every site in line with the 2013 guidelines	Number of sites effectively implementing the new guidelines	100 plants and offices in the moved their programs into compliance with the guidelines in 2014
	Encourage employee involvement in initiatives that support the local community by donating 30,000 working days per year	Number of days that employees dedicate to local community involvement	23,942 in 2014
	Help to create 2,000 local jobs per year through Michelin Development	Number of jobs created with the help of Michelin Development	1,988 in 2014
<b>6 –Improve everyone's quality of life through sustainable mobility</b>	Reinforce our advocacy of road safety, with a strong focus on driver education in emerging countries	Number of awareness-building programs deployed and number of people reached with these programs	"The Best Young Driver" program in Brazil (26,000 young people reached), "Beyond the Driving Test" program in the US (8 million people reached on social media), "Crash Attack" program in Spain, training of school bus drivers in Turkey, educational comics in Asia
	Promote energy-efficient, low-emissions mobility, particularly in cities	Number of initiatives and ideas	Publication in 2014 of the Green Paper "Innovation in mobility at the heart of growth and urban well-being"
	Contribute to the development of a circular economy by increasing the percentage of renewable or recycled materials in our tires to 30%	Percentage of renewable or recycled tire materials in the tires we produce	The success of new production processes incorporating bio-sourced materials, explored through the TREC project with Protéus, SDTech and the CEA and the BioButterfly project (with Axens and IFPEN as well as with Braskem and Amyris), should enable the Group to meet its 2020 objectives

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# Corporate governance

# CEO and Group Executive Committee



**Jean-Dominique Senard**  
CEO, General Managing Partner



**Yves Chapot**  
Executive Vice President  
Distribution



**Terry Gettys**  
Executive Vice President  
Research & Development



**Serge Lafon**  
Executive Vice President  
Truck Product Line



**Thierry Chiche**  
Executive Vice President Passenger  
Car & Light Truck Product Line



**Jean-Christophe Guérin**  
Executive Vice President  
Materials Product Line



**Florent Menegaux**  
Chief Operating Officer



**François Corbin**  
Executive Vice President  
Progress and Geographic Zones



**Jean-Michel Guillon**  
Executive Vice President  
Personnel



**Laurent Noual**  
Executive Vice President  
Corporate Development



**Claire Dorland-Clauzel**  
Executive Vice President  
Brands and External Relations



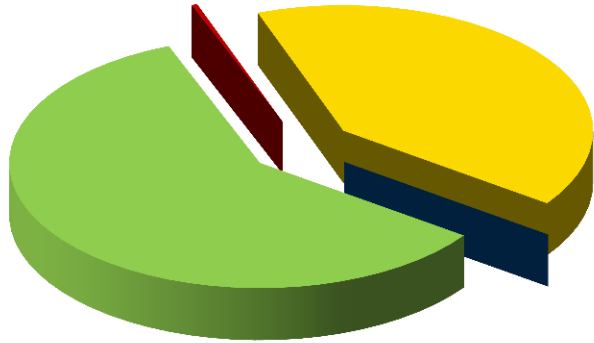
**Marc Henry**  
Chief Financial Officer And Executive  
Vice President Specialty Product Lines



**Florence Vincent**  
Executive Vice President Quality,  
Audit and Risk Management



# Summary of Jean-Dominique Senard's 2014 compensation



- Variable compensation (single-criterion + multicriteria): €750k
- Long term incentive bonus: none due
- Fixed compensation: €1,100k
- Fringe benefits (car): €7k

- Fixed compensation (unchanged)
- Variable compensation
- Long-term incentive bonus
- Fringe benefit (car)
- Total due or paid for 2014: €1,857 million (down 11.8% compared with 2013)

## Breakdown of variable compensation

- Variable compensation corresponds to profit allocated to the general partners as compensation for their unlimited joint and several personal liability for the Company's debts
- 2014 variable compensation is calculated based on the holding company's profit for the year
  - For the component based on profit levels: 8%, i.e. €400K
  - For the component based on the achievement of several performance objectives (growth in unit sales, market share, free cash flow, the Efficiency project and qualitative management criteria): 7%, i.e. €350K

# Long-term incentive

- €1.8 million LTI adjusted to reflect the performance over a three-year period (2014/2015/2016) of the following:
  - Michelin's stock market performance
  - Three quantitative criteria:
    - Growth in the Michelin share price compared with that of the CAC 40 index
    - Growth in Group sales volume
    - The return on capital employed (ROCE)
- Additional commitments
  - Invest 20% of the LTI received at the end of the three-year period in Michelin shares
  - Retain these shares beyond the term of office

# Managing General Partners

- Candidates for election
  - Proposed by the Non-Managing Partner (SAGES) after consulting the Supervisory Board
  - Elected by shareholders for a four-year term
  - May be re-elected directly by the Non-Managing Partner, with the endorsement of the Supervisory Board
- May be removed from office according to the same simplified procedure applicable to their re-election
- May resign provided that
  - The decision is announced at least 6 months before the next AGM
  - Shareholders adopt an extraordinary resolution at the Meeting accepting the resignation

# Independent Supervisory Board reporting directly to shareholders



**Michel ROLLIER**  
Chairman



**Olivier BAZIL**



**Pat COX**



**Barbara DALIBARD**



**Jean-Pierre DUPRIEU**



**Aruna JAYANTHI**



**Anne-Sophie DE LA BIGNE**



**Monique LEROUX**



**Cyrille POUGHON**

# Independent Supervisory Board reporting directly to shareholders

- Nine members
- Permanent oversight of the Company's management and assessment of its quality for the benefit of the shareholders, presenting a report thereon at each Annual Shareholders Meeting;
  - reviewing the separate and consolidated financial statements approved by the CEO;
  - assessing the quality of the Group's financial information;
  - assessing the Group's internal control and risk management systems;
  - reviewing strategic roadmaps and their implementation;
  - ensuring that shareholders' rights are respected.

# The Audit Committee

- Members

- Olivier Bazil, independent member and Committee Chairman
- Jean-Pierre Duprieu, independent member
- Anne-Sophie de la Bigne, independent member

- Role and responsibilities

- reviewing the annual and interim financial statements, as well as quarterly financial information;
- obtaining assurance that the Group's accounting methods and policies are appropriate and are applied consistently, and overseeing the quality of information given to the shareholders;
- assessing the effectiveness of internal control and risk management systems;
- reviewing the Statutory Auditors' annual audit programs, reviewing the programs for the audits carried out by the Quality, Audit & Risk Management Department, and recommending internal audits of specific financial risks;
- verifying the Statutory Auditors' independence and objectivity and expressing an opinion about their appointment or re-appointment.

# Compensation and Appointments Committee

- Members

- Barbara Dalibard, independent member and Committee Chairman
- Pat Cox, independant member
- Michel Rollier, non-executive, non-independant member

- Mission

Responsible for overseeing:

- the senior management compensation policy, including the criteria used to determine:
  - fixed and variable compensation paid to members of the Executive Committee,
  - variable compensation paid to other senior executives;
- the stock option and performance share allocation policy;
- senior management appointments policy; senior management career and succession plans;
- the policy concerning the appointment of Managing Partners, including career and succession plans, developed jointly with the Non-Managing General Partner (SAGES).



# Attendance and assessment

- Supervisory Board:
  - Six meetings in 2014
  - 96.7% average attendance rate (including meetings of Board Committees)
- Audit Committee:
  - Four meetings in 2014
  - 100% average attendance rate
- Compensation and Appointments Committee:
  - Three meetings in 2014
  - 100% average attendance rate
- Annual assessment of the Supervisory Board's practices

## SAGES: Non-Managing General Partner, guaranteeing the company's long-term viability

- *Société par actions simplifiée*, whose Chairman is Jacques de Chateaufieux
- Purpose
  - Assume the responsibilities of General Partner of CGEM
  - Make recommendations concerning the election of the Managing Partners
  - With the endorsement of the Supervisory Board, re-elect or remove from office the Managing Partners
  - In the absence of a Managing Partner, act as CGEM's Managing Partner and call an Extraordinary Shareholder Meeting to elect a new Managing Partner
- Shareholders, each with the same number of seats on its Board of Directors
  - Members of the founding family
  - Current and former Michelin executives
  - Qualified persons from outside the Group

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# Activating Group levers

- Innovation, Michelin's DNA
- Capturing growth
- Competitiveness plan
- People



# A continuing focus on innovation through the Michelin innovation ecosystem

## Corporate Innovation Board

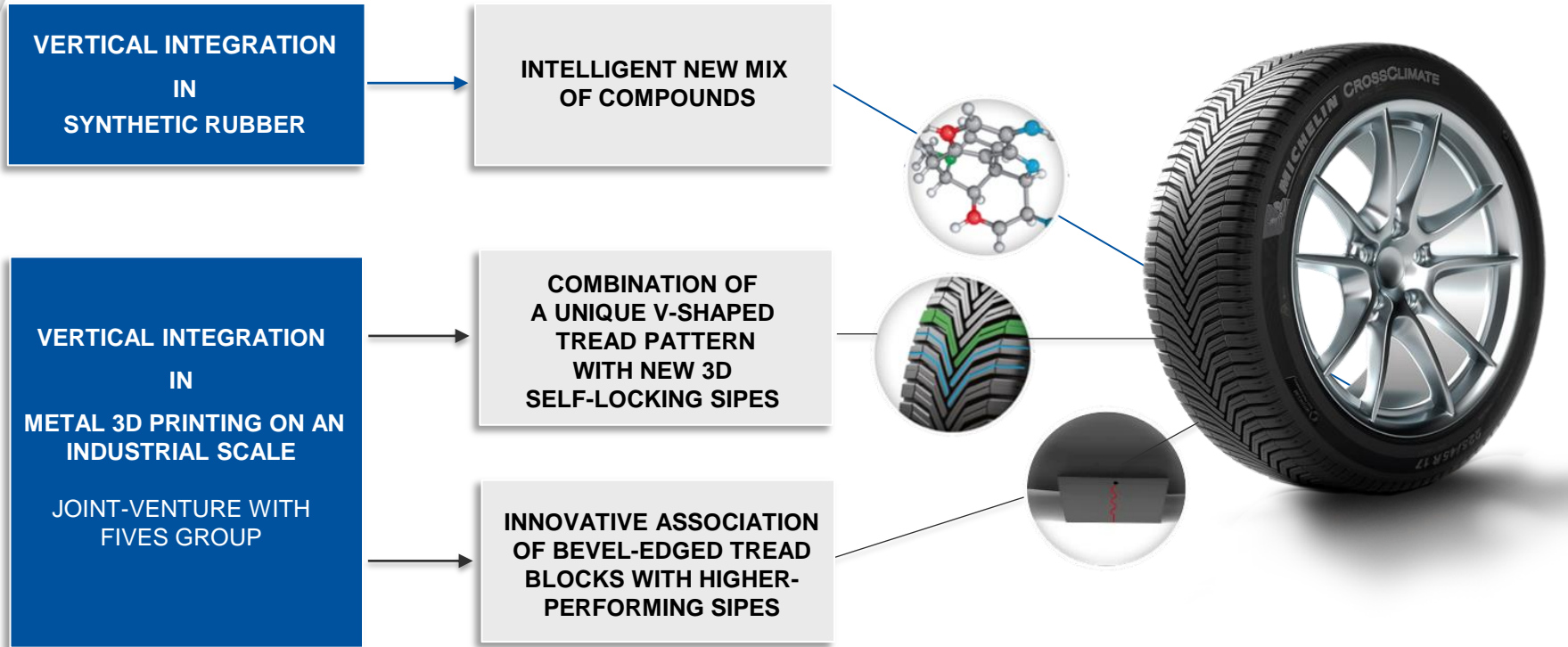
- Mission:
  - Define the Group's innovation strategy to serve its growth
  - Manage the innovation dynamic approach in line with the strategy
- Achievements:
  - Speeding up innovation at the Michelin brand
  - Advanced marketing teams to ensure profitable go-to-market
- Mobility initiatives:
  - Tweel: successful incubator project resulting in a contract with an OEM and a dedicated plant
  - Luli: a stake in a Chinese car sharing start-up



LULI INFORMATION  
TECHNOLOGY

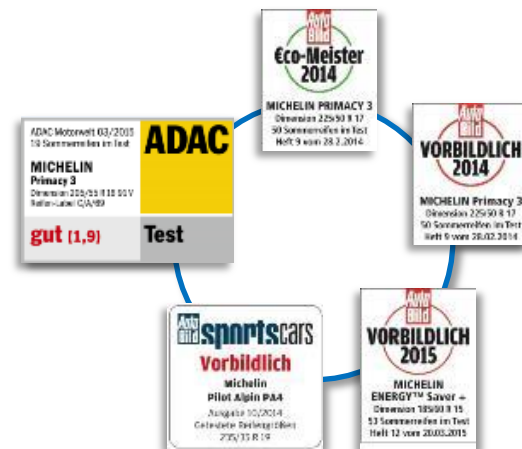


# CrossClimate incorporates all the latest technology and process innovations

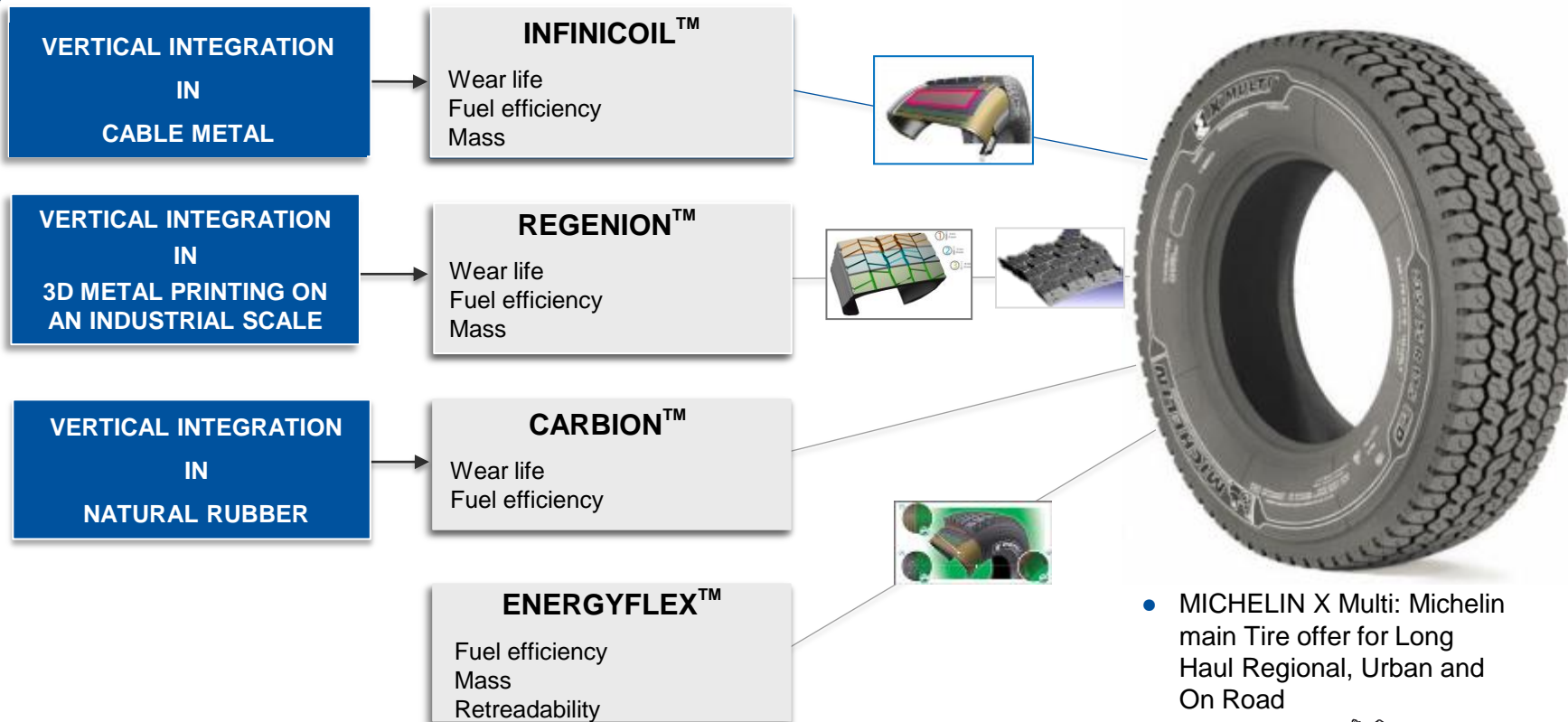


# Innovations acknowledged by customers

- 72% of 2014 OE certifications on  $\geq 17"$
- Successful co-development with the most demanding OEMs
- Performance recognized in the German press
  - MICHELIN Primacy 3: 1st summer tire
    - Autobild 2014: (225/50R17)
    - ADAC 2015: (205/55R16)
  - MICHELIN Pilot Alpin PA4:
    - Best recommendation Autobild 2014 (235/35R19)
  - MICHELIN EnergyTM Saver +:
    - Best recommendation Autobild 2015 (185/60R15)



# T&B: Innovation aligned with customer expectations (wear life and fuel efficiency)



# Innovation in services

- EFFITIRES™ solution

- Is an outsourced tire management solution that offers a fuel savings commitment for trucking companies through a customized audit of the fleet and its operating conditions. The nature of the 'EFFITIRES™ with fuel commitment' contract is based on a price per kilometre (PPK).

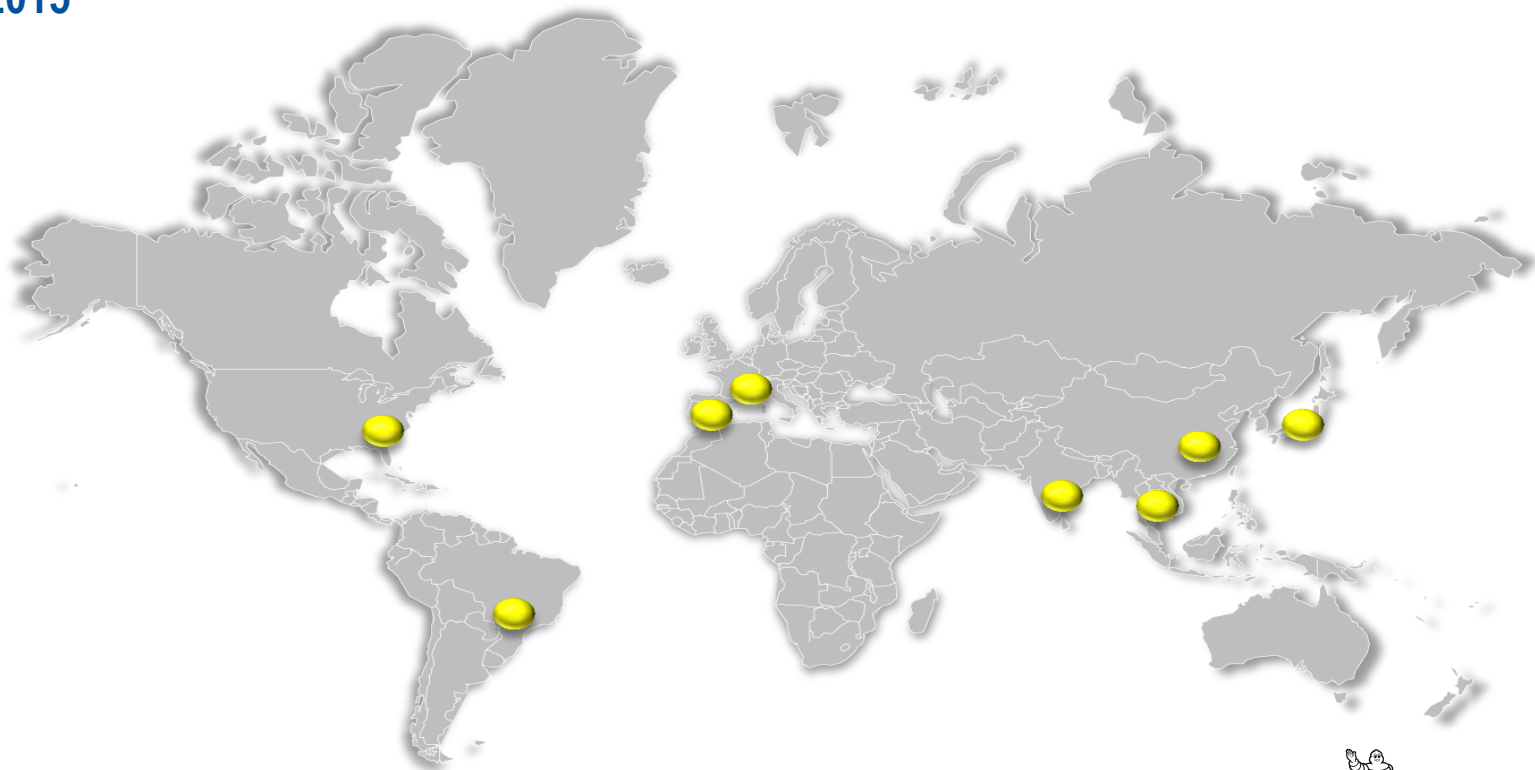
- SASCAR

- The acquisition of this leading digital fleet management company enables Michelin to consolidate its expertise in data analytics (compliance with speed limits, breaks, load, etc.) to save fuel and provide trucking companies with a more comprehensive service offering.



# Worldwide R&D Centers

► In 2015



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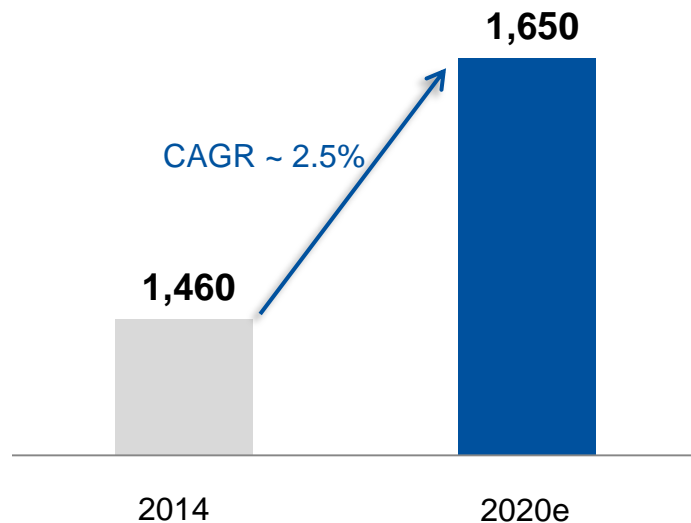
# Activating Group levers

- Innovation, Michelin's DNA
- **Capturing growth**
- Competitiveness plan
- People

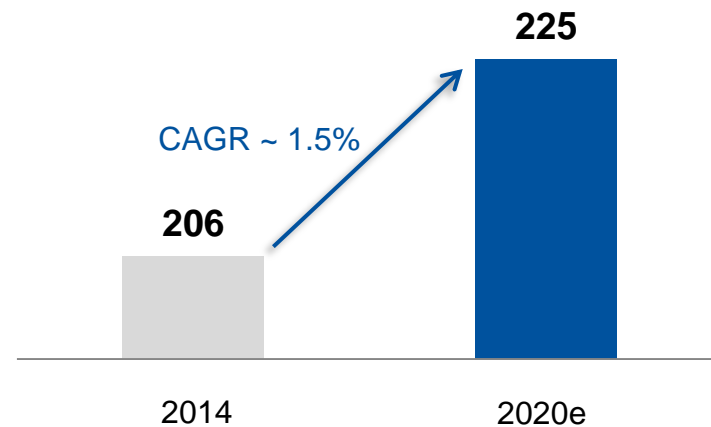


# Long-term market projections

## ► PC OE&RT market projection 2014-2020 *(in millions of units)*



## ► TB OE&RT market projection 2014-2020 *Radial & Bias (in millions of units)*

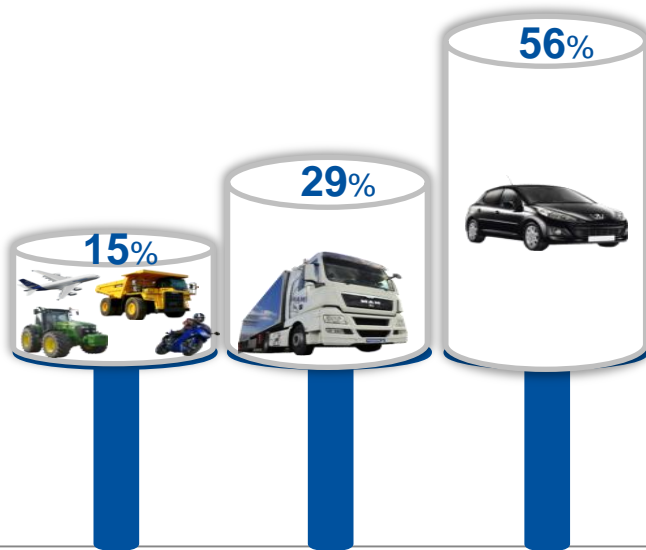


Source: Michelin

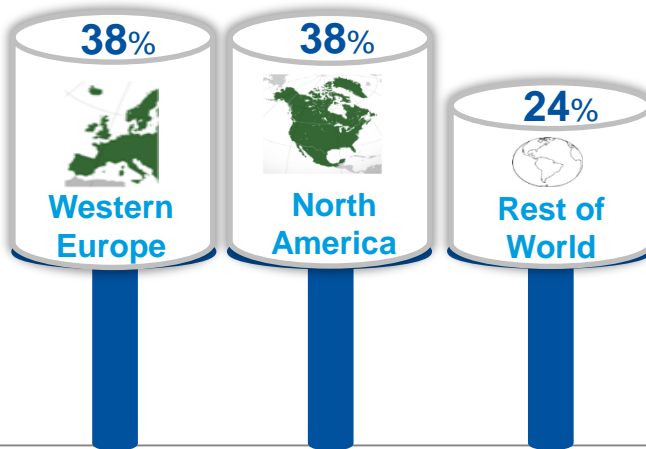
# Natural hedging through a balanced geographic and product mix

## ► Breakdown of Group net sales

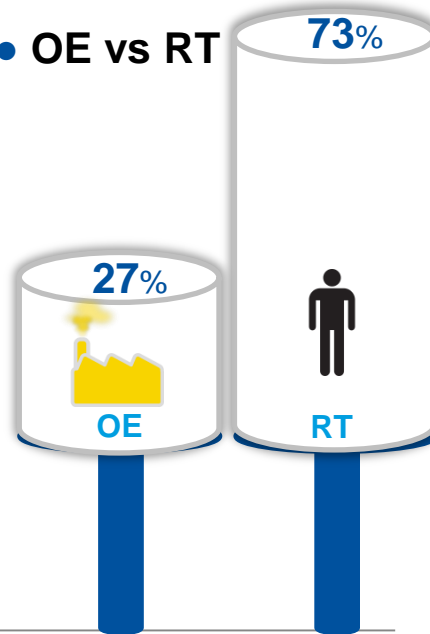
### • Segment reports



### • Geographical regions



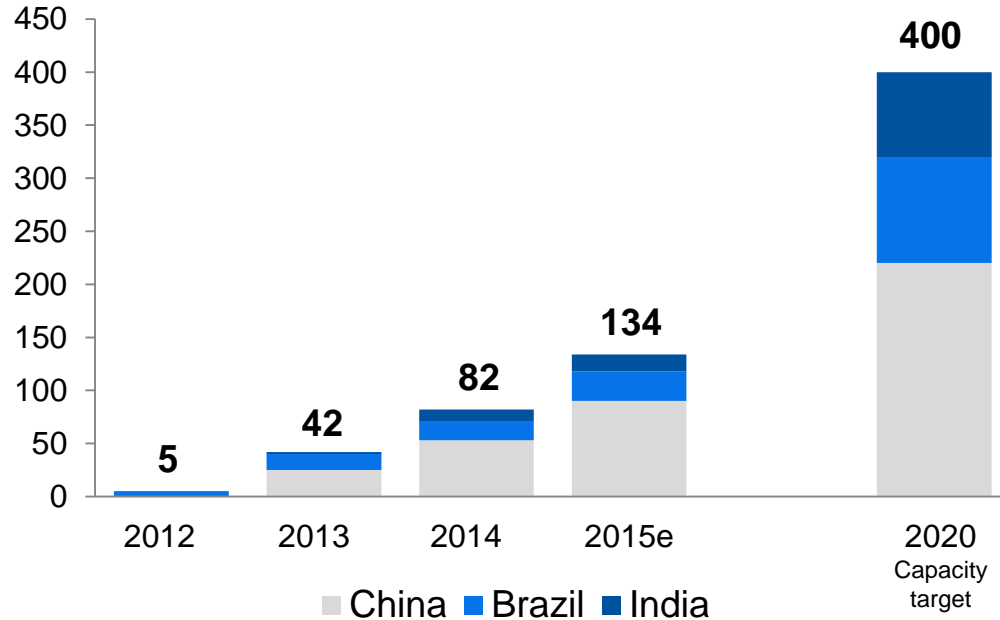
### • OE vs RT



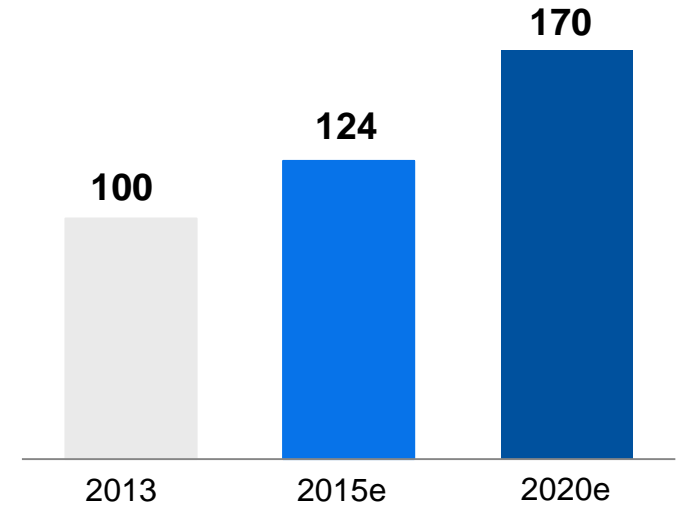
Percentage contribution of each segment/region to total H1 2015 consolidated net sales

# Production ramp up on schedule to foster volume growth

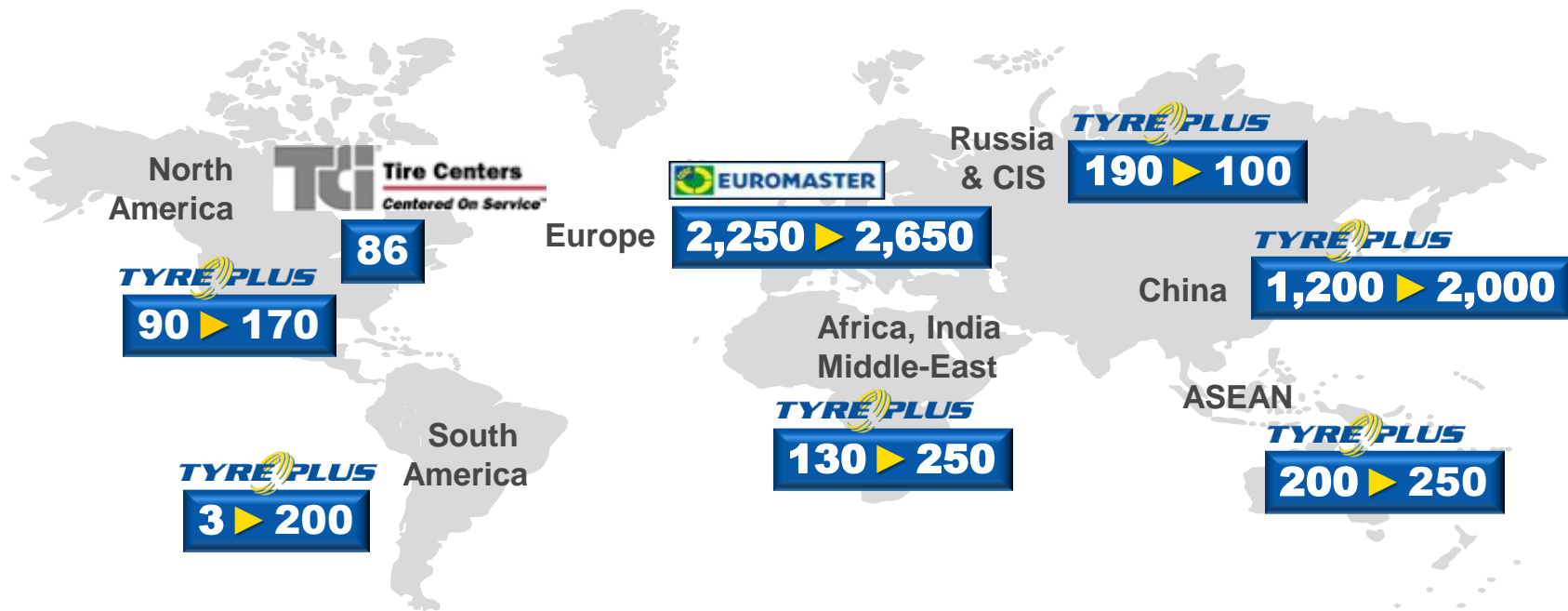
## ► Ramp up in new greenfield plants (in kt)



## ► Group > 17" capacity (base 100, in million of tires, MICHELIN brand)

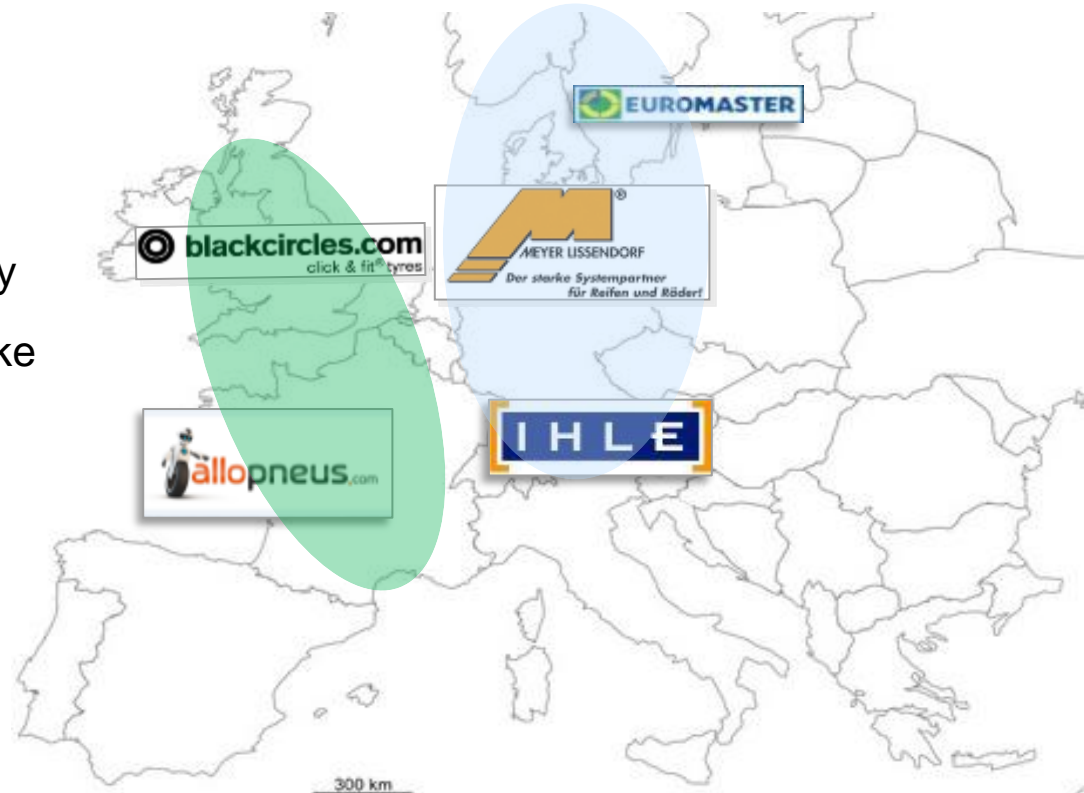


With a vast network of integrated and franchised dealers,  
our aim is to exceed 5,000 outlets in 2020



# Strengthening our market access in Europe by developing new distribution channels

- **Wholesale:** recent acquisition of Meyer Lissendorf and Ihle in Germany to guarantee quality of service for small retailers that have insufficient storage capacity
- **Online sales:** purchase of a stake in Allopneus in France and acquisition of Blackcircles in the UK



# Products, distribution and services aligned with 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's technological leadership



CROSSCLIMATE



TWEEL



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# Activating Group levers

- Innovation, Michelin's DNA
- Capturing growth
- **Competitiveness plan**
- People



## The competitiveness plan will enable the 2015-2016 target of €500m to be achieved, offsetting annual inflation

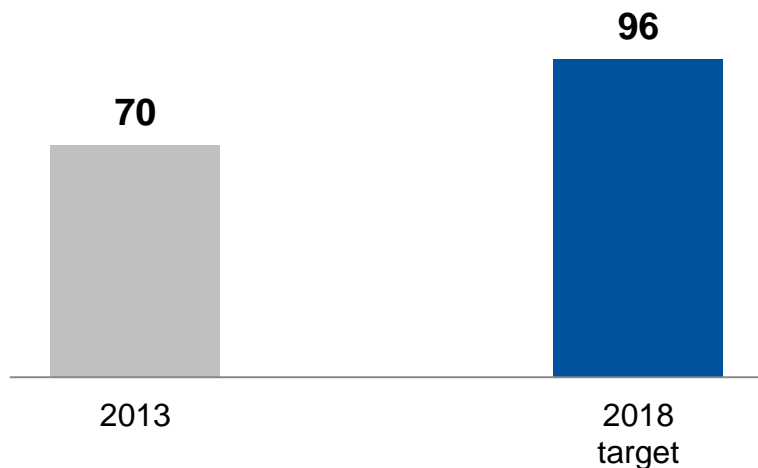
	SG&A	Materials	Manufacturing & Transport	Total
<b>2012-2016 Objective*</b>	<b>-€300m/-€400m</b>	<b>-€200m/-€300m</b>	<b>-€600m/-€700m</b>	<b>-€1,200m</b>
Achieved**	-€381m	-€127m	-€362m	-€870m
Enablers	<ul style="list-style-type: none"> <li>• Efficiency program</li> <li>• OPE</li> <li>• Shared Service Centers</li> <li>• Simplification</li> </ul>	<ul style="list-style-type: none"> <li>• New lines</li> <li>• New materials</li> <li>• Scrap process materials</li> </ul>	<ul style="list-style-type: none"> <li>• Best practices (MMW)</li> <li>• Standardization</li> <li>• Flexibility</li> <li>• Footprint optimization</li> </ul>	

\* Before inflation and including avoided costs

\*\* At September 2015

# Competitiveness: improving our manufacturing efficiency

## ► Average plant size *(in thousands of tonnes)*



## ► Plant capacity utilization *(in % of maximum available capacity)*

	2013	H1 2015	Target 2018
PC/LT	85%	87%	≥ 90%
Truck	76%	83%	
Specialty	90%	69%	

# Proposed Truck industrial footprint optimization in UK, Italy and Germany

- Unfavorable market trends in Truck tires Europe
  - Europe Truck market lost 5 million tires between 2007 and 2014 (OE & RT new tires)
  - Growth of new entrants into the market on the back of strong overcapacity in Asia and more specifically in China
  - Low cost of raw materials challenging the retread market
- Proposed Truck industrial footprint optimization in UK, Italy and Germany
  - Closure of the Ballymena Truck tire plant, the Fossano cable plant and the Oranienburg and Alessandria retreading plants
  - 1,508 jobs at stake
  - €265m investment planned in the UK, Italy and Germany over the next five years
  - Non-recurring restructuring charge of around €280m in 2015
  - €140m in projected annual productivity gains

## Industrial reorganization projects will eventually deliver more than €140m in annual productivity gains

	2015	2016	2017	2018	2019	
						<b>Total non-recurring expense</b>
Non-recurring cost	(280)	0	0	0	0	(280)
						<b>Following years</b>
Productivity		+13	+41	+89	+130	+140

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# Activating Group levers

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# Increasingly committed and focused employees: engagement rate 5 pts above benchmark

- Positive work environment
  - Group “Quality of Work Life” policy
  - Monitoring of the “Well Being Index”
  - Parenting, work/life balance, e-working, employee services
- New impetus to social dialogue
  - Agreement signed at Roanne site to protect competitiveness, following work jointly carried out by the plant’s services, departments and unions
  - Creation of a Group employee relations policy
- Committed employees with incentives for growth, efficiency and financial targets
  - Increasingly committed employees, with an engagement rate of **74%** vs. 72% in 2013 (2014 Moving Forward Together Survey, IBM-Kenexa)
  - IBM-Kenexa global benchmark: 69% in 2014



# Respect for People: Diversity

- Diversity is a tool for driving growth and improving competitiveness

**23.5% of people hired  
are women**

**6,950 people  
hired in 2014**

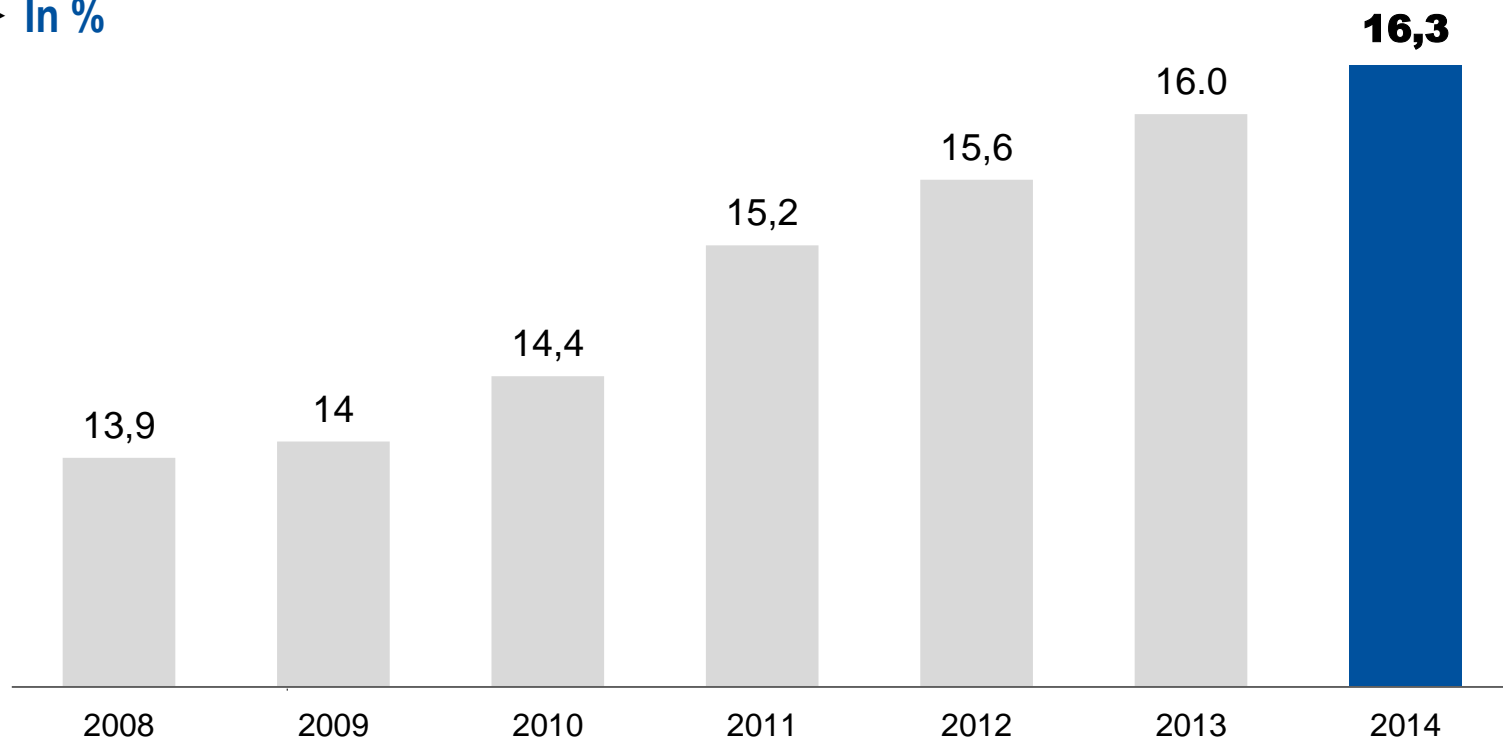
**47.5% of top managers  
are non-French**





# Women employees

► In %



## Respect for people: training

### ► 6.6 million hours of training provided in 2014, corresponding to:

- A 4.1% access to training rate
- 73 hours for each person trained
- This is equivalent to 4,000 people receiving training all year long

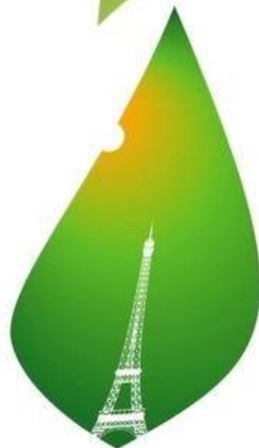


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# A committed environmental policy



**PARIS2015**  
UN CLIMATE CHANGE CONFERENCE  
**COP21·CMP11**

# Reducing the environmental impact of manufacturing facilities

## ► MEF (Michelin sites Environmental Footprint)

	2010	2013	2014	Unit <sup>(2)</sup>	Absolute value	Unit
Energy consumption	14.4	13.8	13.3	GJ/t TP	42,602	10 <sup>3</sup> GJ
Water consumption	11.8	11.7	11.2	cu.m/t TP	35,876	10 <sup>3</sup> m <sup>3</sup>
COV <sup>(1)</sup> emissions	2.9	2.6	2.5	kg/t TP	8,067	t
CO <sub>2</sub> emissions	1.3	1.2	1.2	t/t TP	3,697	10 <sup>3</sup> t
Waste produced	109.5	112.6	118.0	kg/t TP	376,530	t
Waste landfilled	10.2	7.9	7.9	kg/t TP	25,103	t
<b>MEF (base 100: 2005)</b>	<b>70</b>	<b>66.5</b>	<b>65.1</b>			

(1) Volatile Organic Compounds. (2) t TP = tonne of tire produced.

# Helping to fight against climate change & developing renewable energy projects



# Reducing the environmental impact of manufacturing facilities

Production of  
raw materials and  
tire manufacturing

**10.8%**



Tire distribution

**<1%**



Tire use phase  
(CO<sub>2</sub> + particulates)

**92.6%**

End of life  
processing

**-3.4%**



Collecting end-of-  
life tires

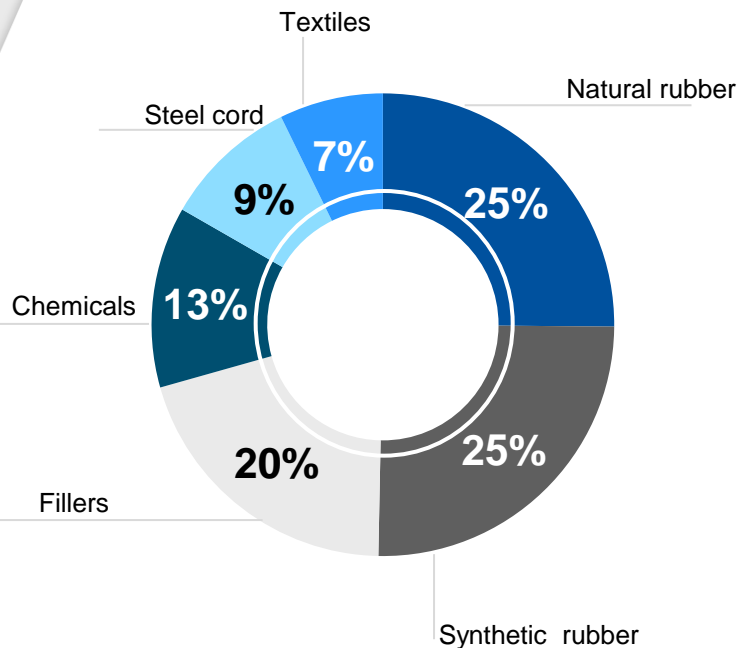
**<1%**

*Energy recovery*  
*Material recovery*  
*Landfill (banned since 2006)*

Source : Michelin 2010

# Raw materials and price trends in first nine months of 2015

## ► Raw material purchases in H1 2015 (€2,414m)

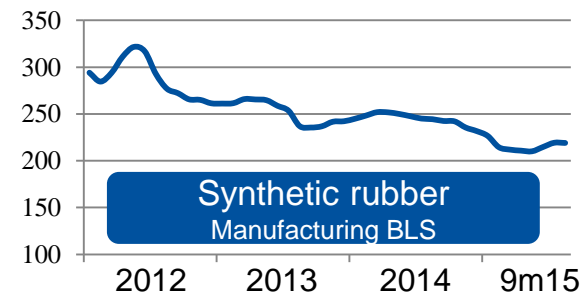
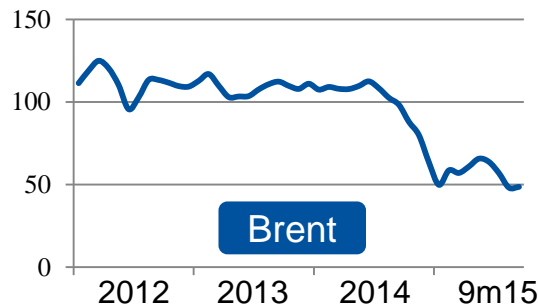
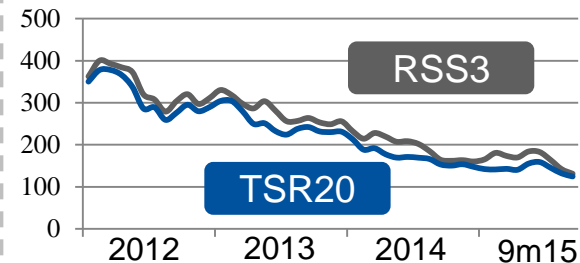


### €/€ exchange rate:

9m'14 average: 1.36

-18%

9m'15 average: 1.12





## Rubber tree plantation: natural, environmentally friendly rubber production designed to meet up to 10% of the Group's rubber needs in the long term

- The creation of a joint venture with Barito Pacific Group in Indonesia, in which Michelin will hold a 47% interest for an investment of \$55 million.
- Reforestation of 88,000 hectares:
  - 50% = rubber trees that will eventually produce **80,000 tonnes of natural rubber**
  - 50% = food crops and endemic plants



Today



Tomorrow



Creation of a long-term partnership with WWF to promote sustainable natural rubber production practices

# Ensuring the sustainable use of every resource



RE-USE



*repair*



*regroove*



*retread*

- Natural rubber



- Bio-sourced isoprene



- Bio-sourced butadiene



- Plant-based oils and resins in tire mixings



- Industrial processing of agricultural raw materials

RENEW



# Recycling end-of-life tires

- **Material recovery**



*whole tire*



*shreds*



*crumbs*



*powder*



*alcohol*

- **Energy recovery**



*steel industry*



*cement  
factories*



*thermal power  
generation*

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**Social engagement underpinned by ethical practices and a commitment to the well-being of communities**

# Michelin Corporate Foundation

- Creation: January 2014 with the goal of helping people move forward.
- Aim: Taking action in all of the Group's host countries in five major areas:
  - Sustainable mobility
  - Sports and health
  - Community outreach
  - Environmental stewardship
  - Culture and heritage
- Gouvernance:
  - The Board of Directors defines its overall priorities and decides on projects over €100,000. Chaired by Jean-Dominique Senard, it includes four members of the Michelin Executive Committee, an employee representative and three outside experts.
  - Projects valued at between €5,000 and €100,000 are validated by a Selection Committee. It is comprised of ten members who are representatives of the Group's operations and its major corporate functions.
- 61 projects were financed by the Foundation in 2014, representing €10.4 million.







## 可持续交通 成就美好生活

FOSTERING A BETTER LIFE THROUGH SUSTAINABLE MOBILITY

## 2014 “米其林必比登挑战赛” 启动仪式

2014 Michelin Challenge Bibendum Kick Off Press Conference

样片



# November 2014 CHALLENGE BIBENDUM – Chengdu, China

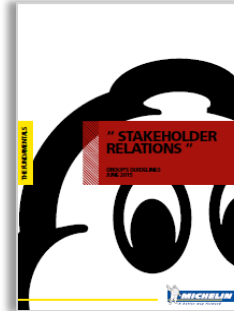


# Active dialogue with stakeholders

- The creation of a **framework document** that anchors this dialogue in the Group's strategy and sets the guidelines that will shape it.

- **Octobre 15, 2015: Canada stakeholder meeting**

The roundtable gathered together 25 Canadian stakeholders, including clients, suppliers, NGOs, opinion leaders, government representatives, community organizations, and academics. In addition to external participants, 25 Michelin staff took part in the roundtables.



November 19, 2015

## Société Générale ESG/SRI Conference 2015

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### 2015 guidance confirmed

## Guidance confirmed

	2015 unchanged
Volumes	Growth above markets
EBIT before non recurring	Up beyond currency effect
Structural FCF	Above €700m
ROCE	More than 11%

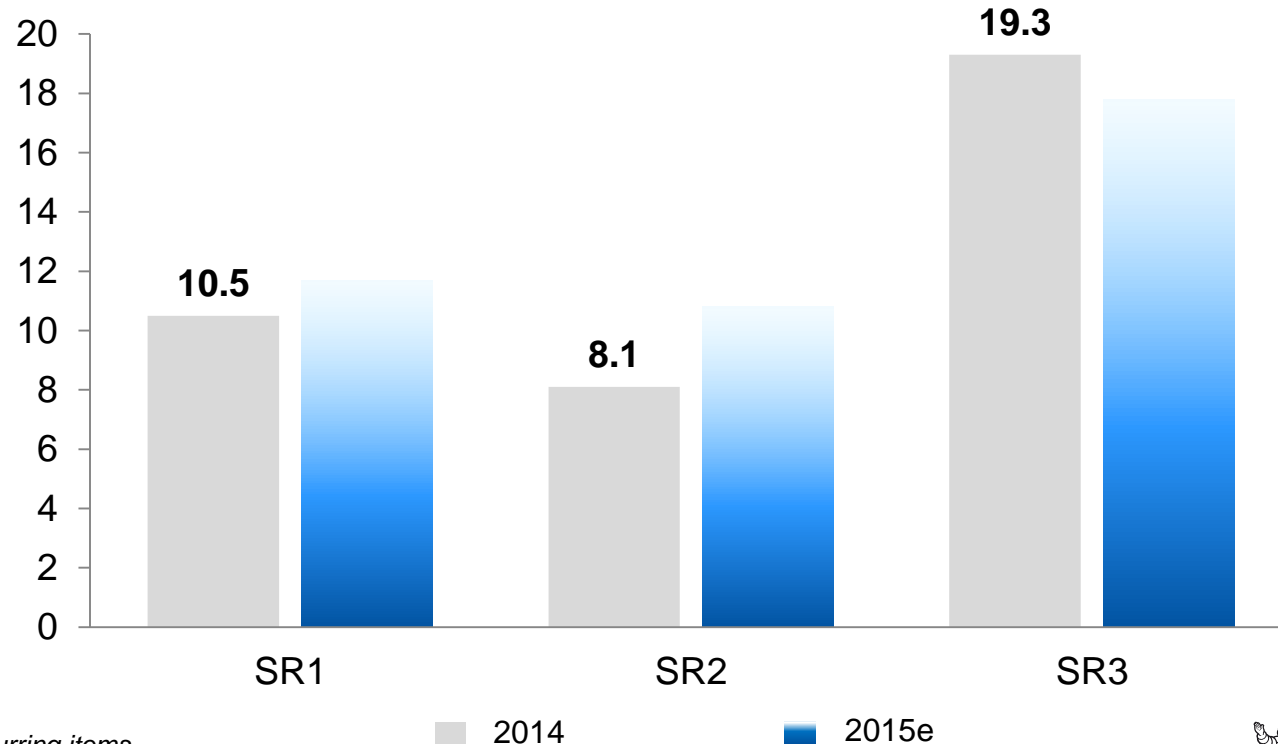
## 2015 scenario

	2015	2015 old
Impact of raw materials*	Around €550m tailwind	Around €600m tailwind
Price-mix/Raw materials	<div> Indexed business: negative  Non-indexed business: neutral </div> } <b>Around -€100m</b>	Indexed business: negative Non-indexed: neutral
Competitiveness/cost inflation	Neutral over the year	Neutral over the year
Currency effect on EBIT*	Around €400m	Above €350m
Capital expenditure	Around €1,800m	Around €1,800m

\* Based on September 2015 assumptions

# 2015 Group EBIT\* margin increase driven by Passenger car and Truck tires

## ► EBIT\* margin by reporting segment in %



\* Before non recurring items

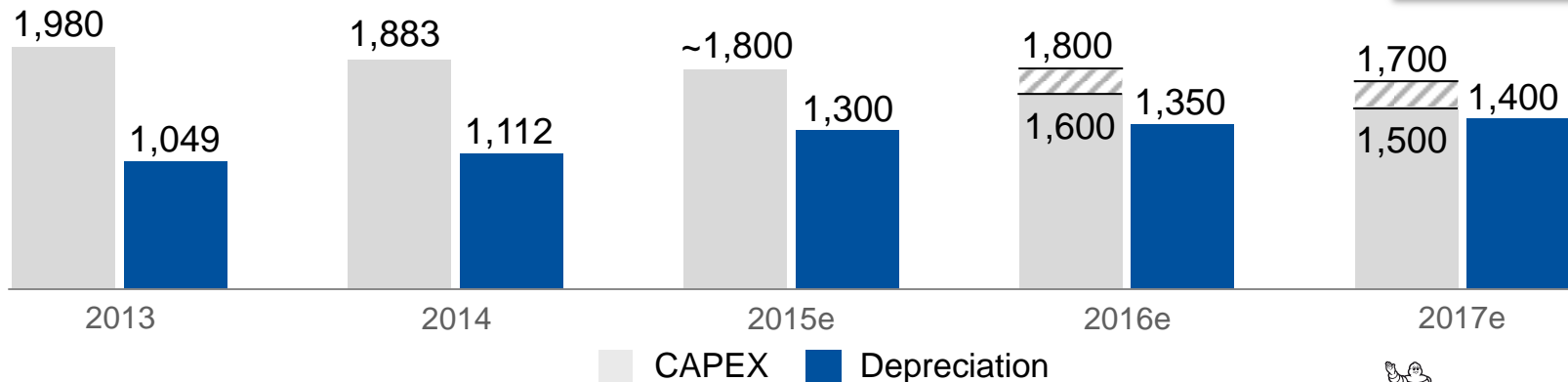
# Investing to create value

## ► Successfully leveraging our priority investments to capture growth and deliver innovative solutions

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

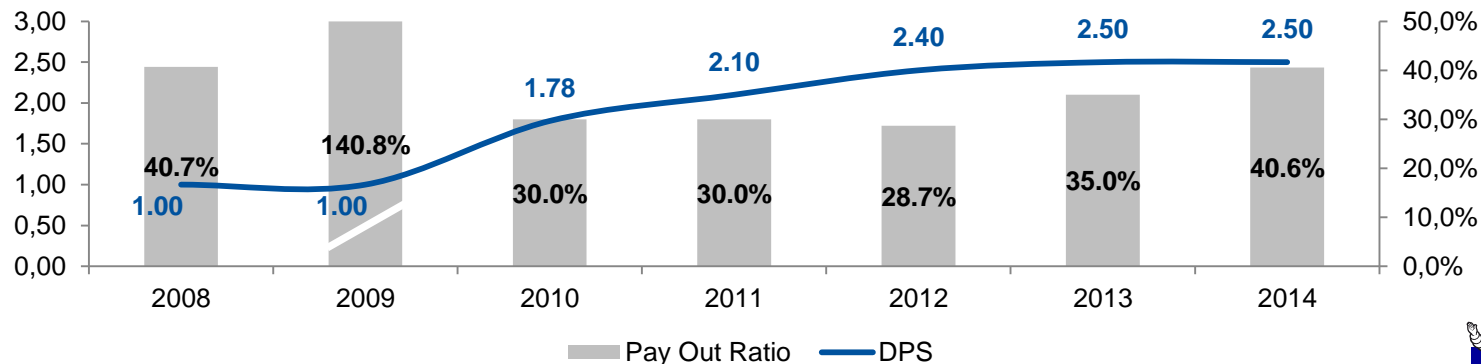


## ► Reducing the gap between capital expenditure and depreciation (in € millions)



## A strategy committed to shareholders

- First tranche of €250m completed as of July 31
- Second tranche of €200m to be completed at end of December 2015
- Number of shares repurchased: 4,223,944 as of November 16, 2015
  - Purchase cost: €383m
  - Weighted average price: €90.78
- Pay-out target: at least 35% of Group Net Income (excluding non recurring costs)





INTRODUCING THE  
**MICHELIN® PREMIER® TIRE**



It's a new standard in safety: A tire whose tread, instead of simply wearing down, evolves with its rain grooves expanding and new grooves emerging for extra water evacuation and a high-traction compound for increased wet grip. Even when half worn, the MICHELIN® Premier® A/S tire is still safe—thanks to EverGrip™ wet-braking technology. The MICHELIN® Premier® A/S tire still stops shorter on wet roads than leading competitors' brand-new tires.\* Bringing multiple performances together with innovative technologies to deliver the total performance all drivers need—that's MICHELIN® Total Performance™. Learn more at [michelinman.com/premier](http://michelinman.com/premier).



\*All tires eventually wear out and should be replaced. Half worn Premier tires are safe because of EverGrip™ Technology which combines an evolving tread with a high-traction compound for enhanced stopping capabilities. Based on lateral wet braking test results from all four MICHELIN® tires versus Goodyear® Assurance® TripleTred™ A/S tires in sizes 225/50R17 (200-), and P215/60R16 (200-), Bridgestone® Turanza™ Serenity Plus in size 215/60R16 (200-). Using MICHELIN® Premier® A/S tires in sizes 225/50R17 (200-) and 215/60R16 (200-), inflated to 51 PSI\* of tread. Actual on-road results may vary. ©2015 Michelin North America, Inc. All rights reserved. The Michelin Man is a registered trademark owned by Michelin North America, Inc.

November 19, 2015

## Société Générale ESG/SRI Conference 2015

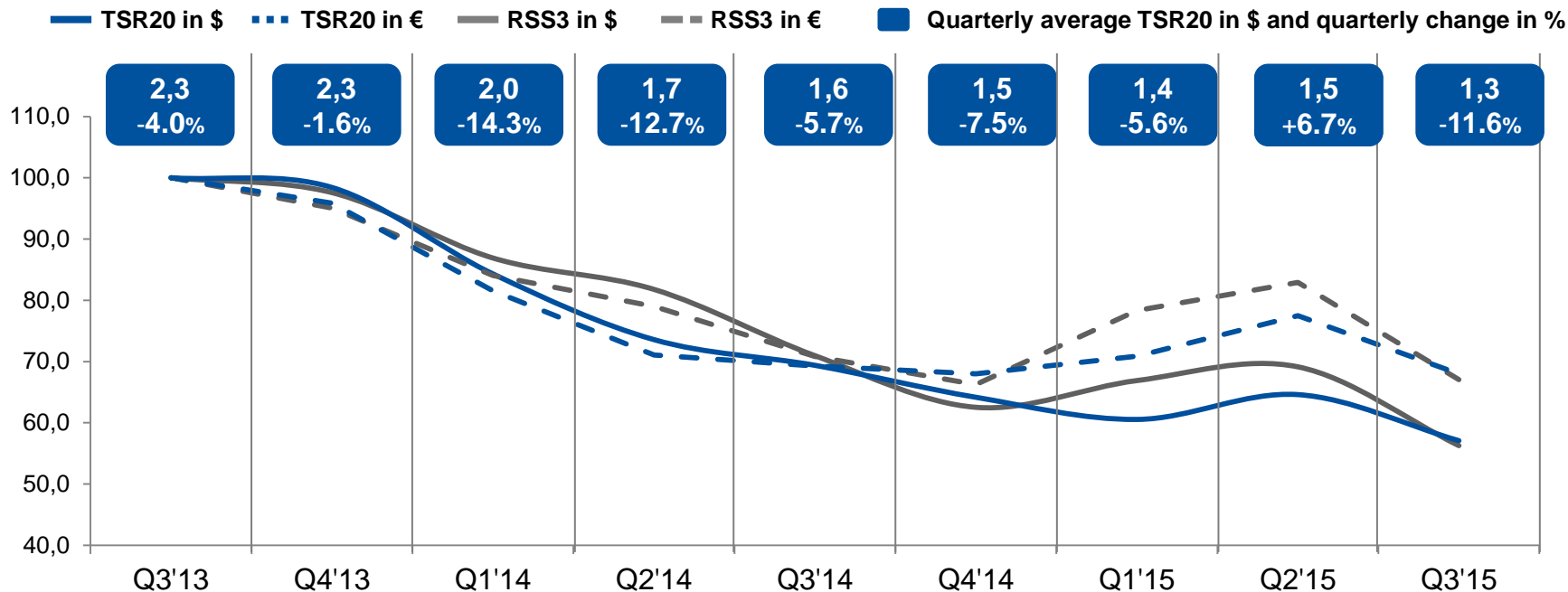
7

## Appendices



# Natural Rubber price changes reflected in Group P&L with around a 6-month time lag

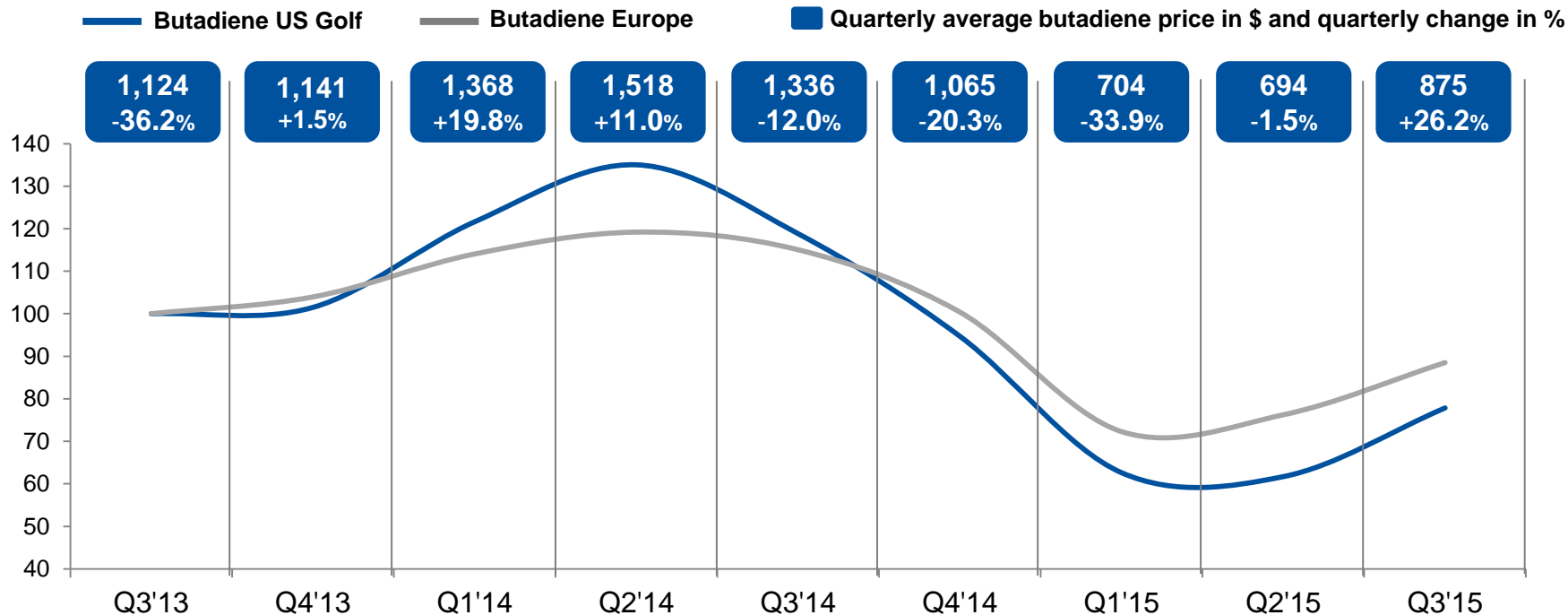
Change in natural rubber prices in \$/kg and €/kg (base 100 in Q3'13) from September 30, 2013 to 2015



Source : SICOM

# Butadiene price changes reflected in Group P&L with around a 4-month time lag

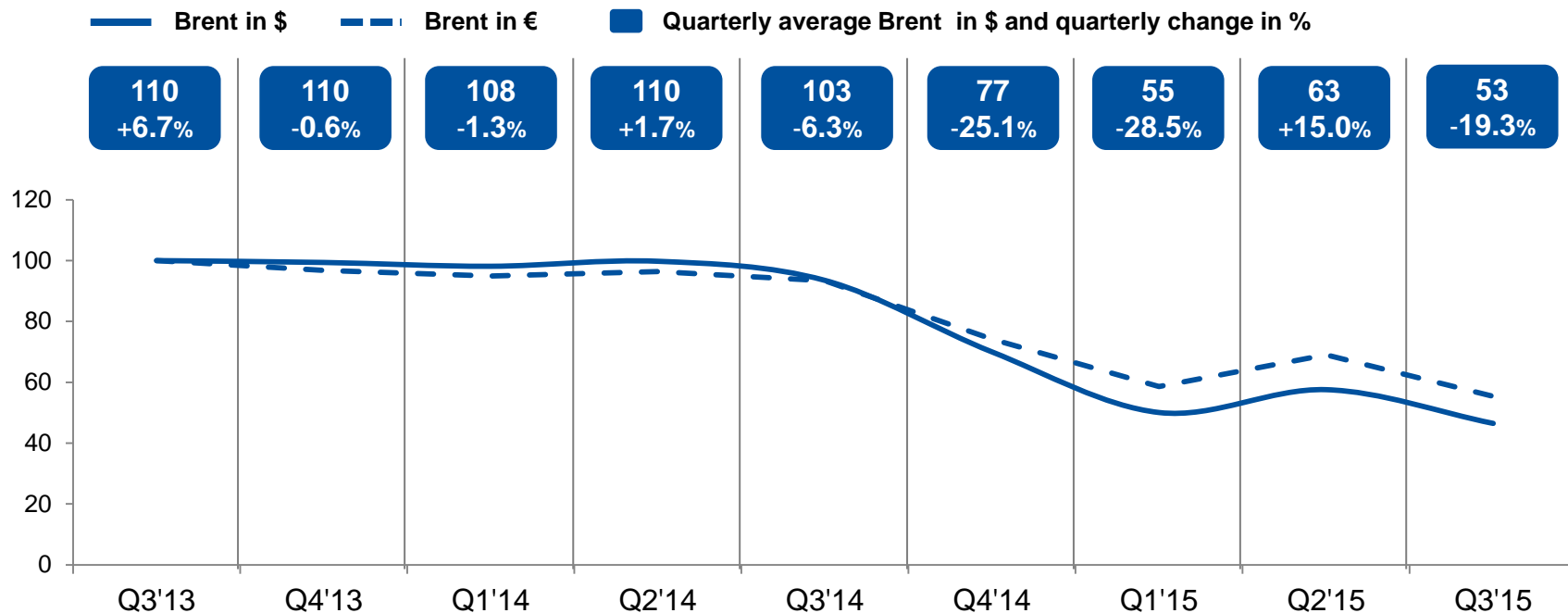
Change in butadiene prices (base 100 in Q3'13) from September 30, 2013 to 2015



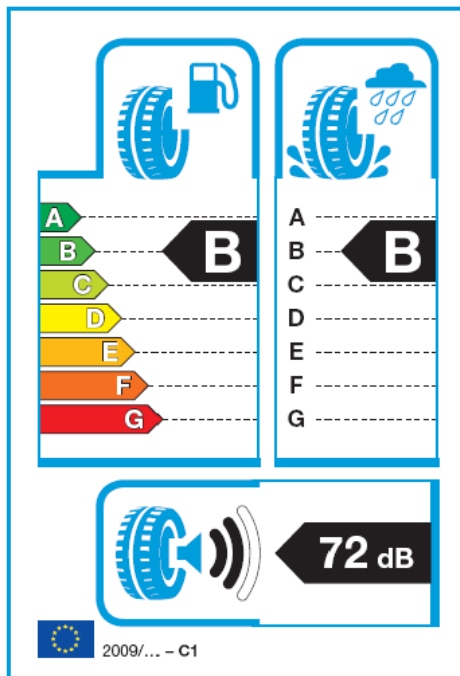
Source : IHS

# Brent Price in USD/barrel (base 100 in Q3'13)

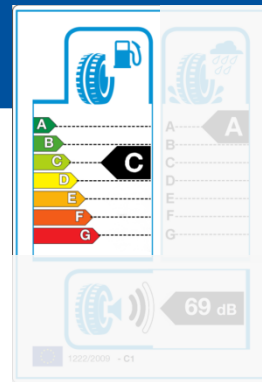
At end of September 2015



# European regulations: thresholds and labelling



# Tire Labelling: Energy Efficiency



**300 €**

saved/40,000km

**500kg of CO<sub>2</sub>**

not emitted/40,000km

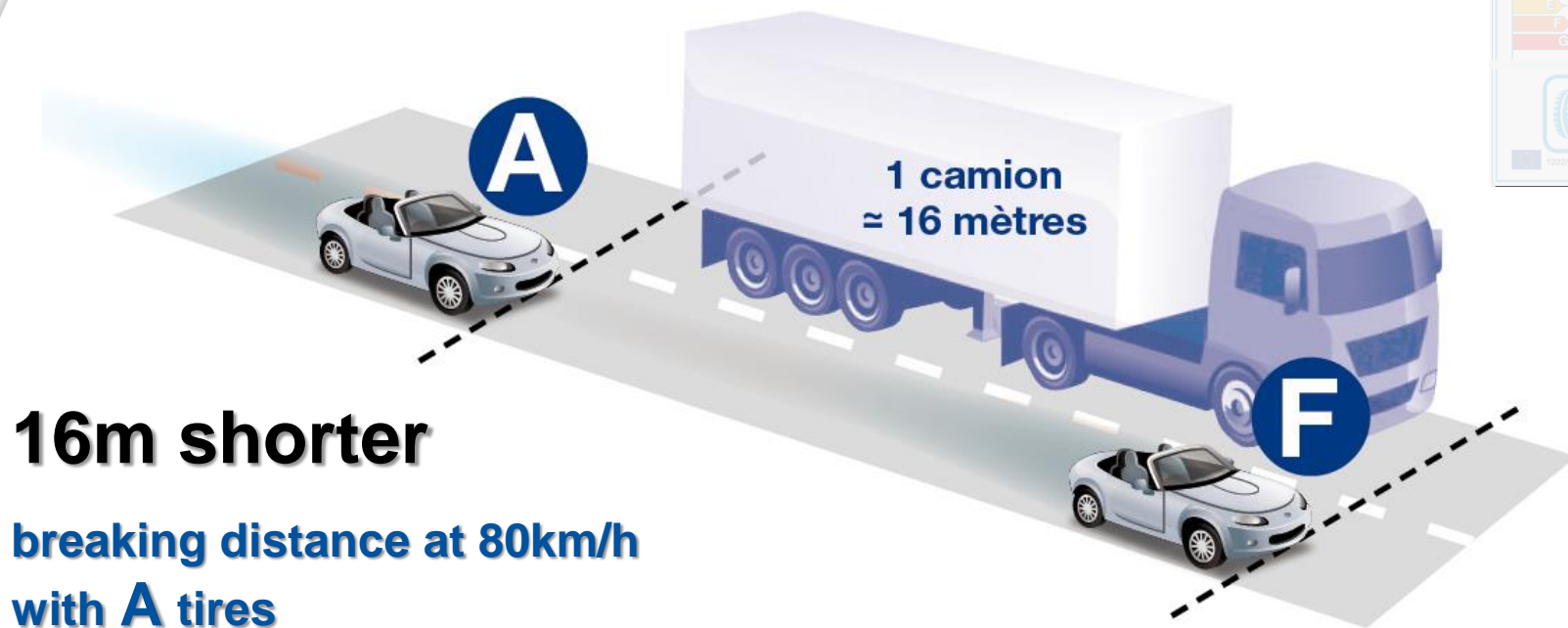
**With tires**



**Instead of tires**

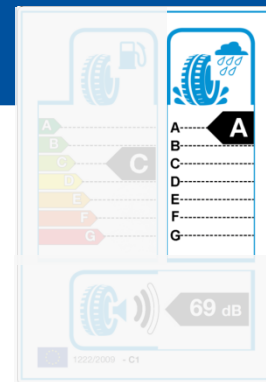


# Tire Labelling: Wet Road Grip



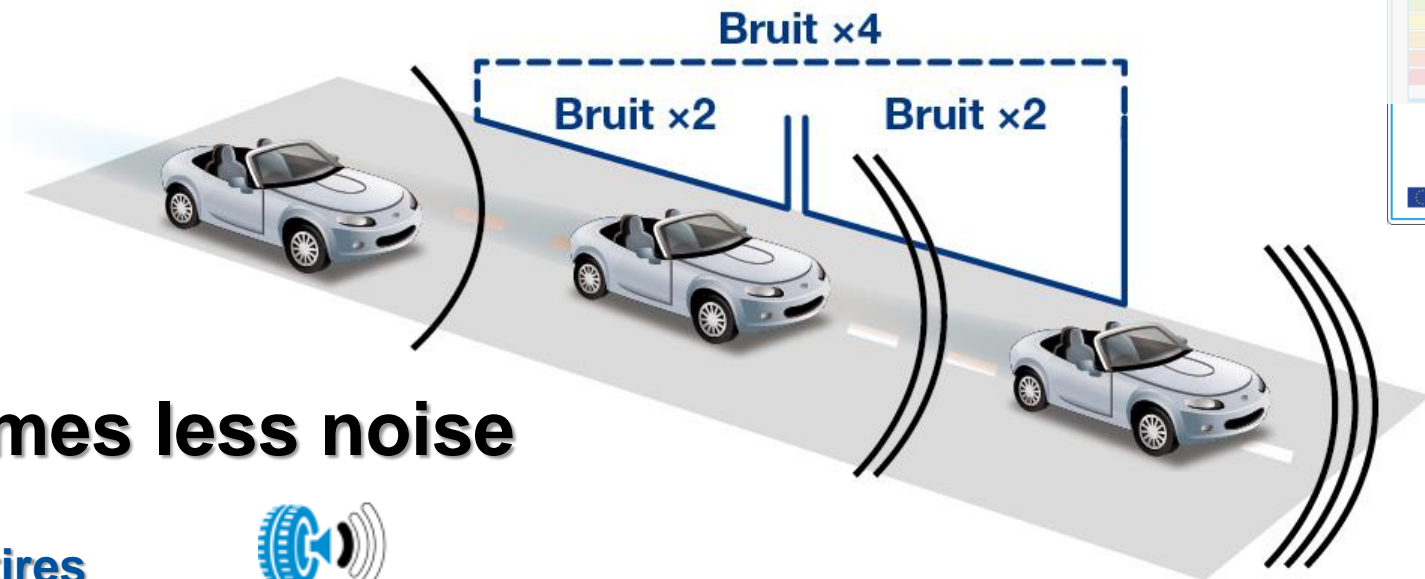
**16m shorter**

**breaking distance at 80km/h  
with A tires  
instead of F tires**





# Tire Labelling: Noise

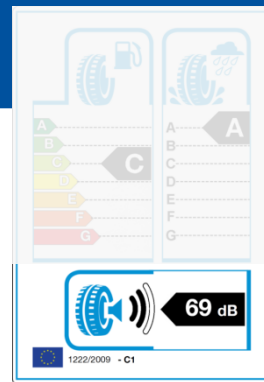


**4 times less noise**

**with tires**



**instead of tires**



# 2016 Agenda

- **February 16, 2016:** 2015 Results
- **April 20, 2016:** First-quarter 2016 Net Sales
- **May 13, 2016:** Annual General Meeting
- **July 26, 2016:** First-half 2016 Results
- **October 19, 2016 :** Third-quarter 2016 Net Sales

## Disclaimer

*"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documentation published in France by Autorité des Marchés Financiers available from the **<http://www.michelin.com/eng/>** website.*

*This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or induced by these statements."*

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