



UBS European Conference 2015

London

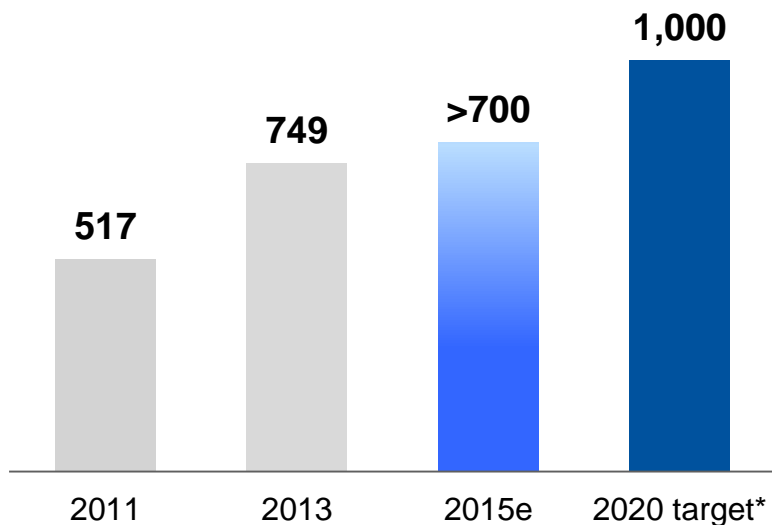
November 10, 2015



An ambitious value creation target

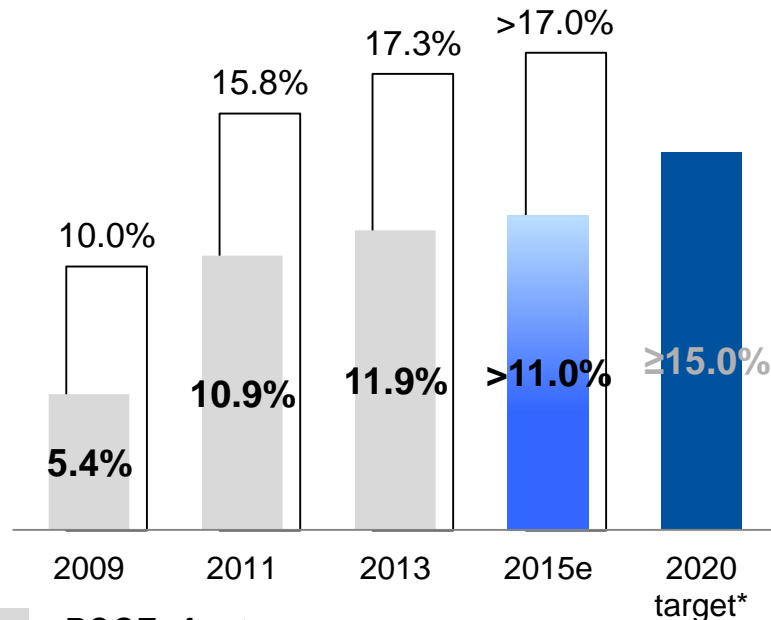
- ▶ Deliver a structural €1billion Free Cash Flow from 2020*

(in millions €)



* At constant scope of consolidation

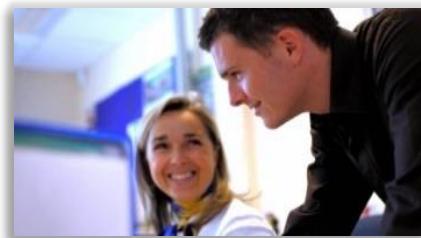
- ▶ Deliver a ROCE (after taxes) $\geq 15\%$ from 2020*



ROCE after taxes
 ROCE before taxes

Activating 4 pillars to grow value creation

- 1 Innovation:**
innovate to drive differentiation and loyalty
- 2 Growth:**
drive faster growth
- 3 Competitiveness:**
continuously become more competitive
- 4 People**
increasingly committed and focused employees



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- 1 Activating Group Levers**
 - Innovation, the Michelin's DNA
 - Capturing Growth
 - Competitiveness Plan
 - People
- 2 Guidance confirmed**
- 3 Shareholders Commitment**

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1

Activating Group Levers

- Innovation, the Michelin's DNA

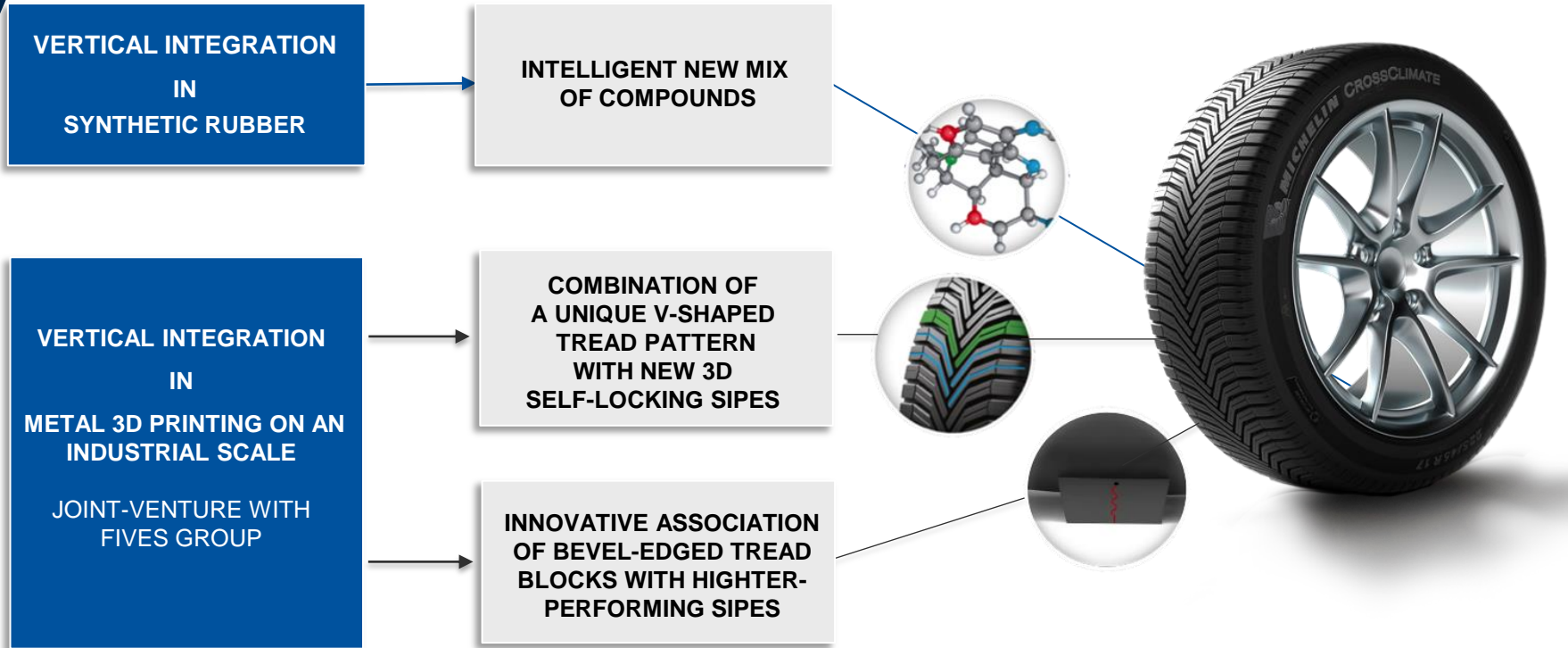
A Continuing Focus on Innovation through Michelin Innovation Ecosystem

Corporate Innovation Board

- Mission:
 - Define Group's innovation strategy to serve its growth
 - Govern the innovation dynamics in line with the strategy
- Achievements:
 - Speeding up innovation at 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
 - Michelin Truck tyre care

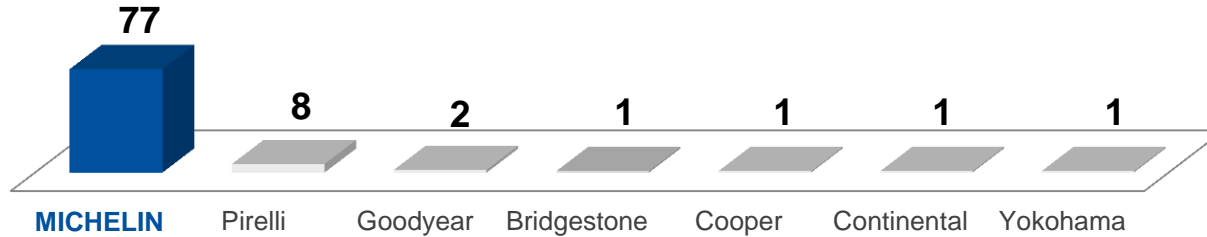


CrossClimate incorporates all latest technology and process innovations



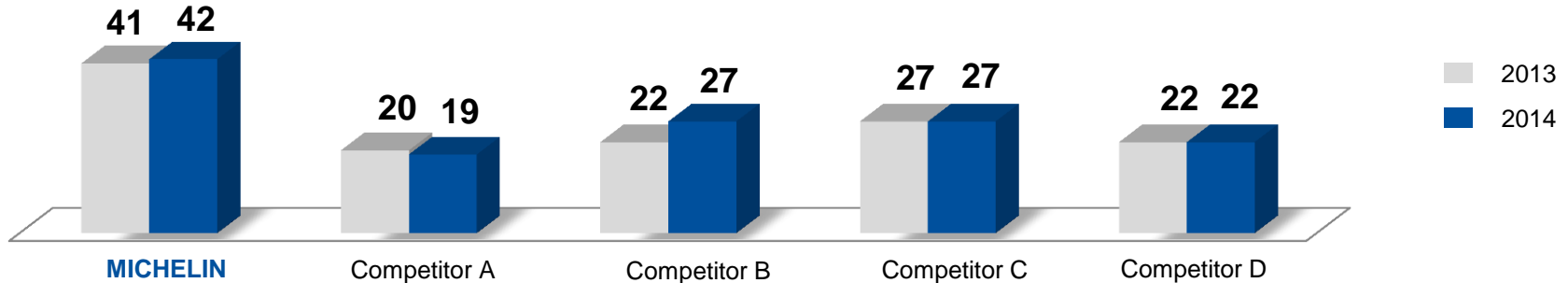
Michelin ranks 1st in North America and in Europe in passenger car customer surveys

- ▶ **77 “J.D. Power awards” for MICHELIN, more than five times the awards received by all competitors together**



Source: JD Power & Associates Awards, consumer satisfaction survey 1989-2014

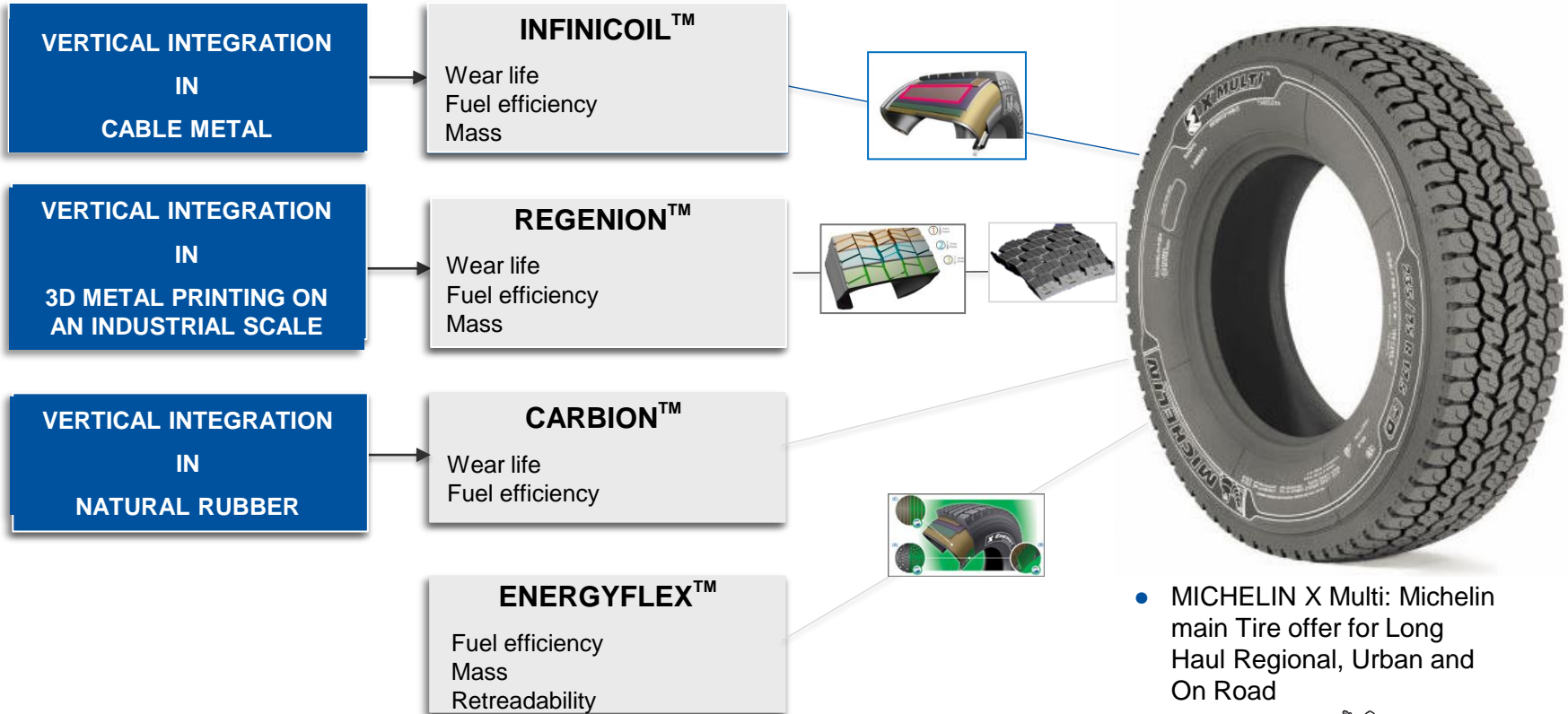
- ▶ **Performance recognized by European premium tire consumers**



NPS (Net Promoter Score): panel of consumers that purchased tires in the last six months
 Source GfK study – Consumer Behavior Monitoring – Scope: FR, IT, SP, DE, UK, TR



T&B: Innovation matching customer expectations (wear life and fuel efficiency)



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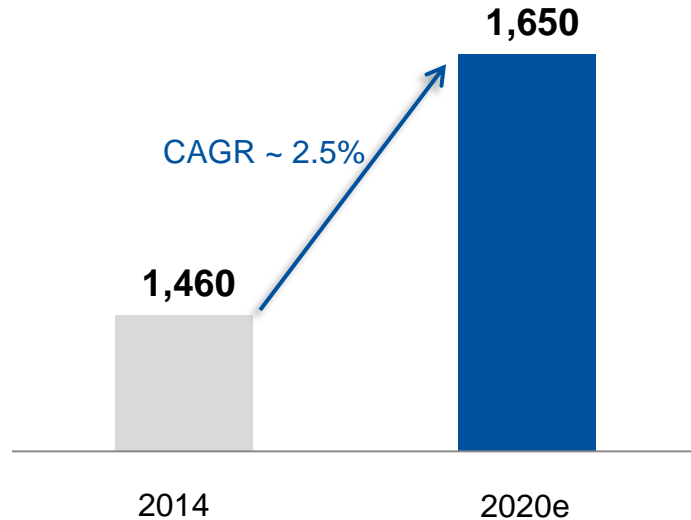
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Activating Group Levers

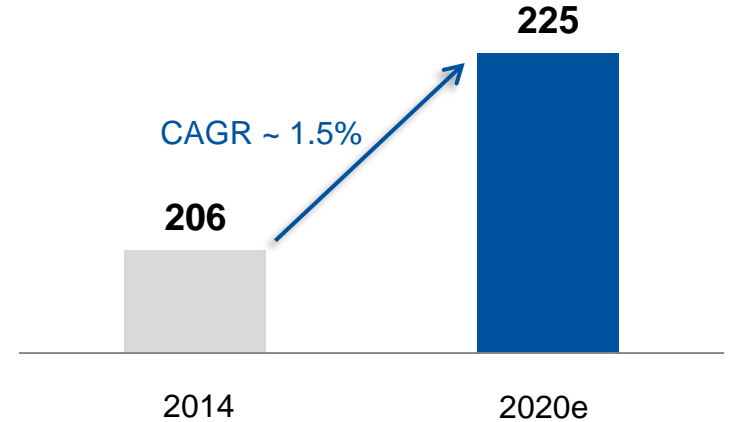
- Capturing Growth

Sustained long term market projections

▶ PC OE&RT market projection 2014-2020 *(in millions units)*



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

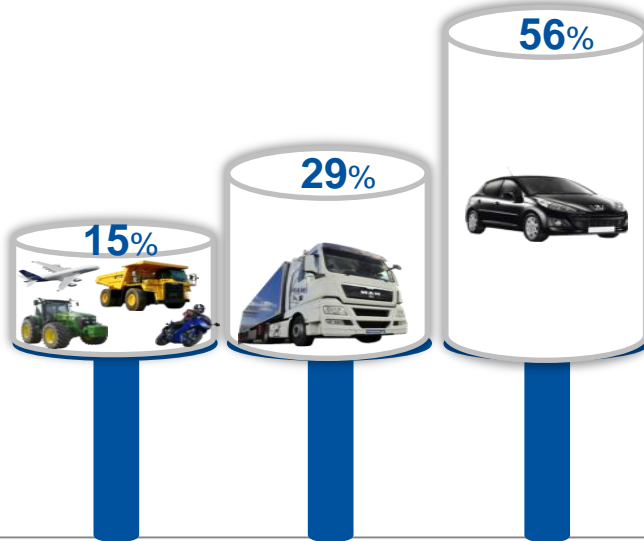


Source: Michelin

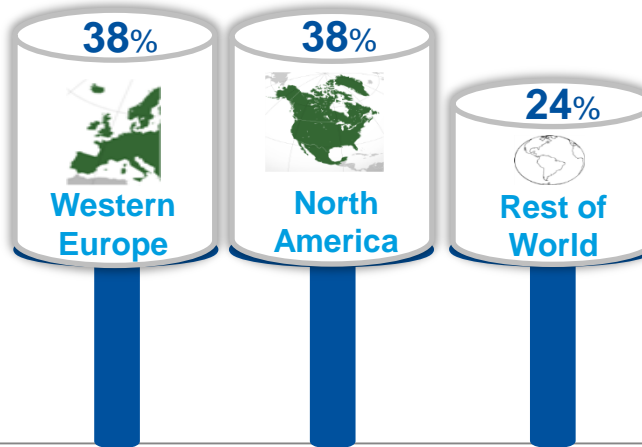
Natural hedging through a balanced geographic and product mix

► Breakdown of Group net sales

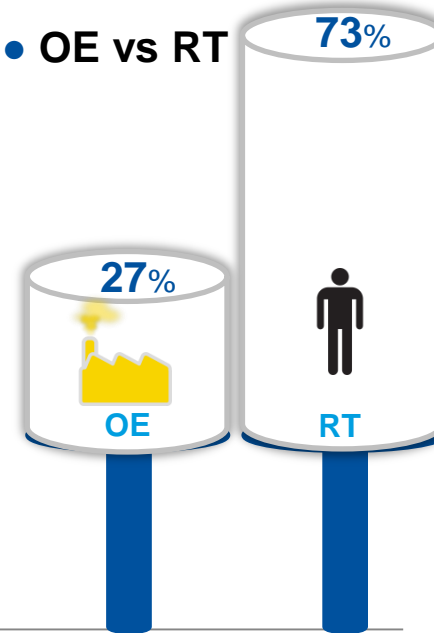
• Segment reports



• Geographical regions



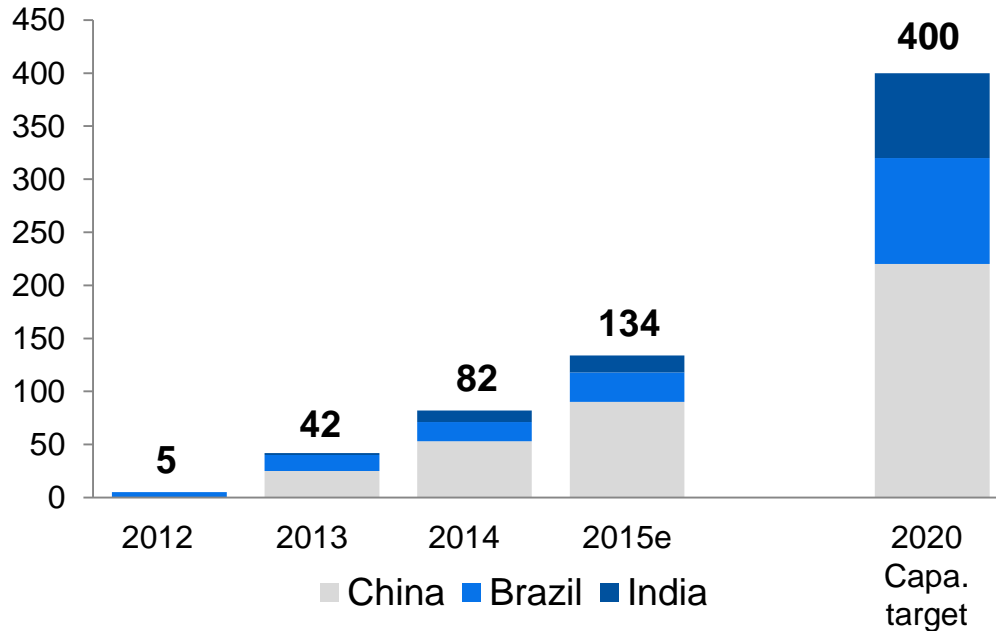
• OE vs RT



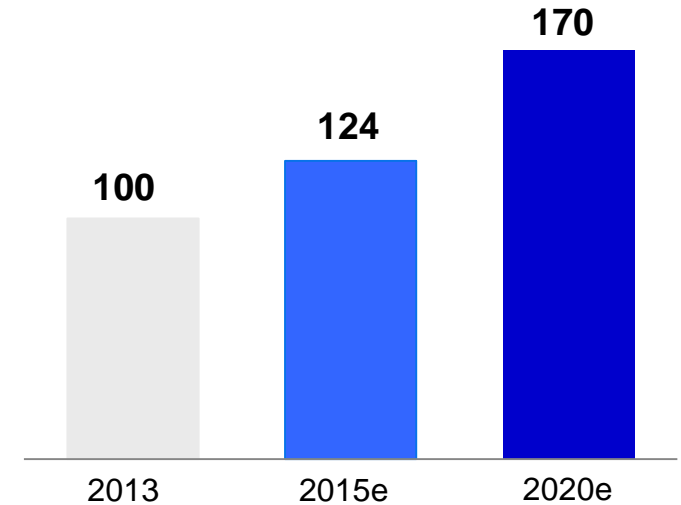
Percentage contribution of each segment/region to total H1 2015 consolidated net sales

Production ramp up on schedule to foster volume growth

▶ Ramp up in new greenfield plants (in kt)

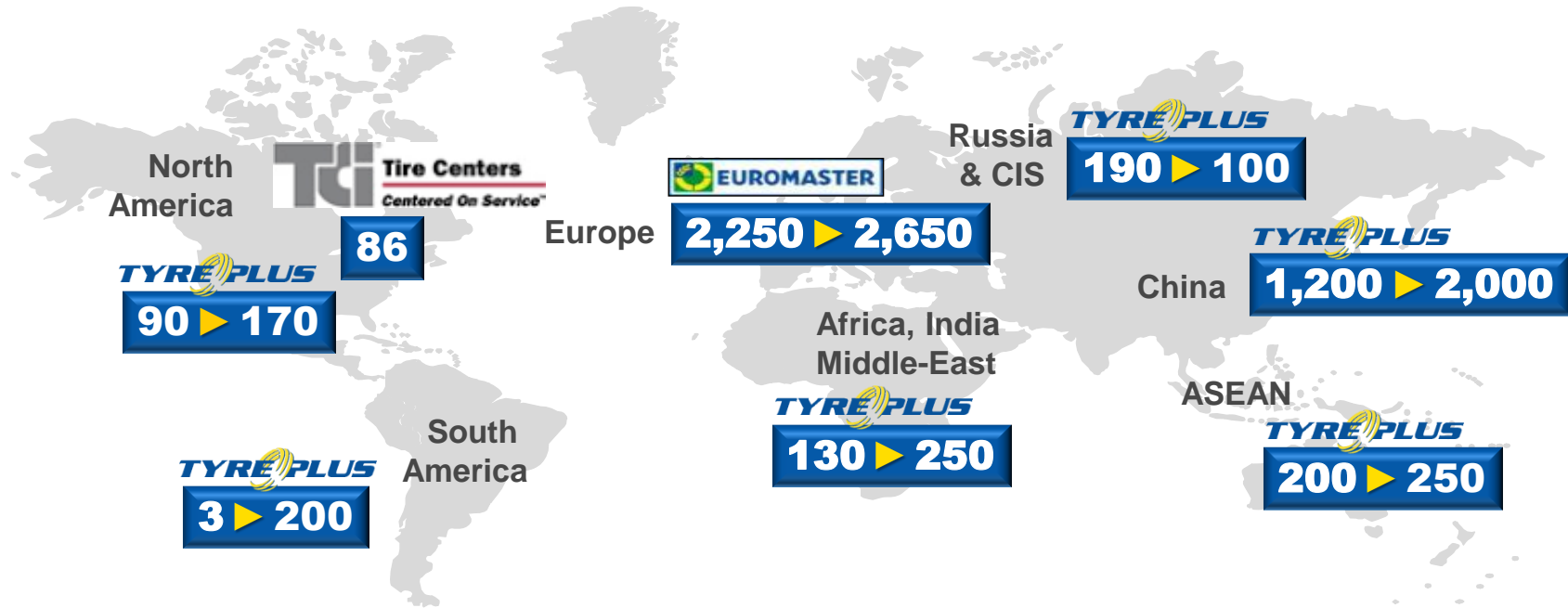


▶ Group > 17" capacity (base 100, in million of tires, MICHELIN brand)



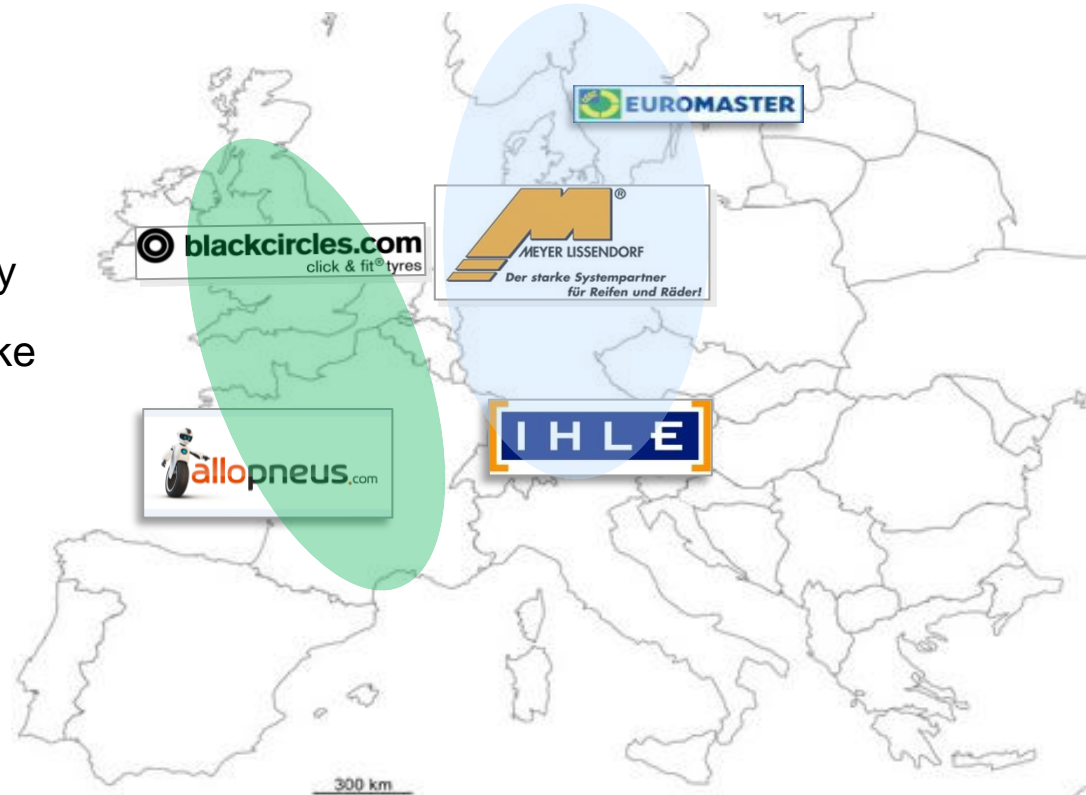
A Vast Network of Integrated and Franchised Dealers

Our objective : 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 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



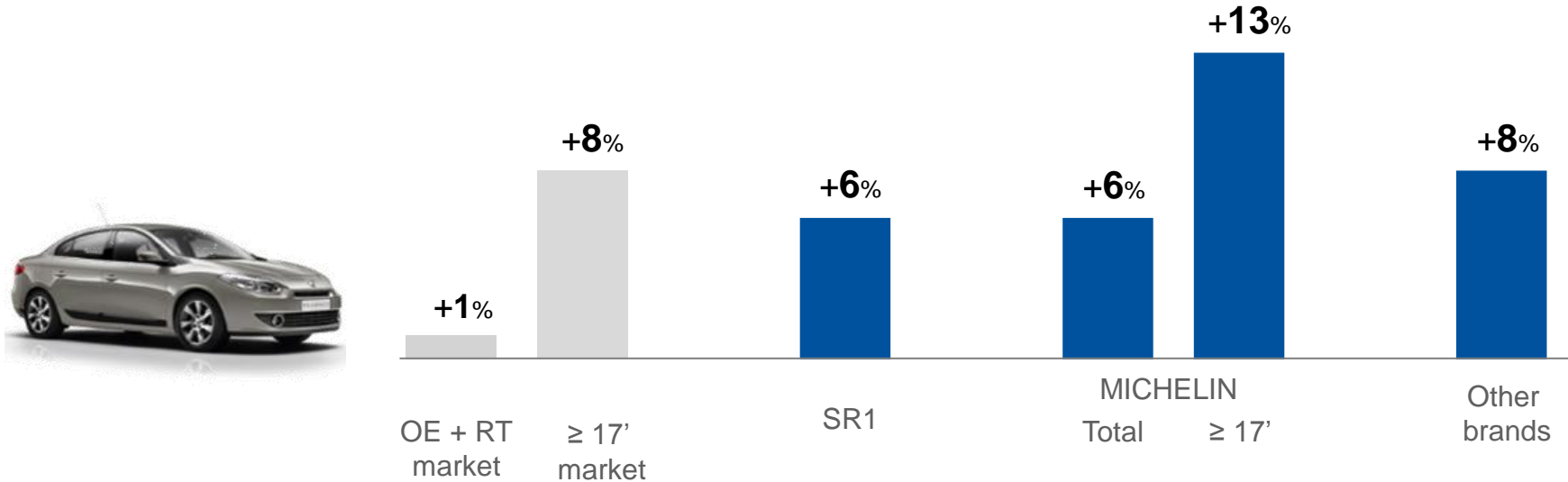
CROSSCLIMATE



TWEEL

PC tires 9m 2015: strong volume growth, steady mix improvement for the MICHELIN brand, sharp upturn in sales volumes for other brands

► Passenger car and Light truck volume growth vs market (9-month YoY, in '000 tons)



Source: Michelin

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Activating Group Levers

- Competitiveness

The competitiveness plan will reach the 2015-2016 target of €500m offsetting annual inflation

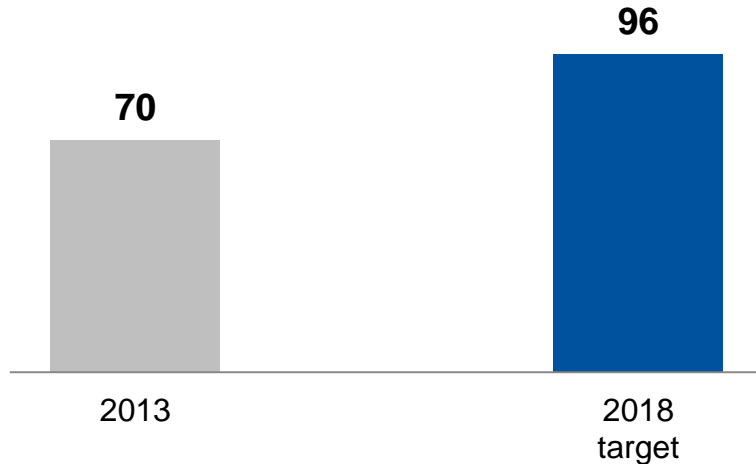
	SG&A	Materials	Manufacturing & Transports	Total
Objective*	-€300m / -€400m	-€200m / -€300m	-€600m / -€700m	-€1,200m
Achieved**	-€381m	-€127m	-€362m	-€870m
Enablers	<ul style="list-style-type: none"> • Efficiency program • OPE • Shared Service Centers • Simplification 	<ul style="list-style-type: none">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

- Over 2012-2016 period
Before inflation and including avoided costs

** At September 2015

Competitiveness: Improve our Manufacturing Efficiency

▶ Average Plant size *(in '000 of tons)*



▶ Plant capacity utilization *(in % of maximum available capacity)*

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

November 3 announcement : Reorganization of Truck and Earthmover tire production base

- Unfavorable market trends in Truck tires Europe and Earthmover OE & Infrastructure
- 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 in the UK, Italy and Germany over the next 5 years
 - Non-recurring restructuring charge of €280m in 2015
 - €140m in projected annual productivity gains
- Impairment on India OE/Infra Earthmover assets: non-recurring charge of €75m

The industrial reorganization projects will eventually deliver more than €140m in productivity gains a year

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

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Activating Group Levers

- People

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

► Positive work environment



► New impetus to social dialogue



► Committed and incentivized on 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

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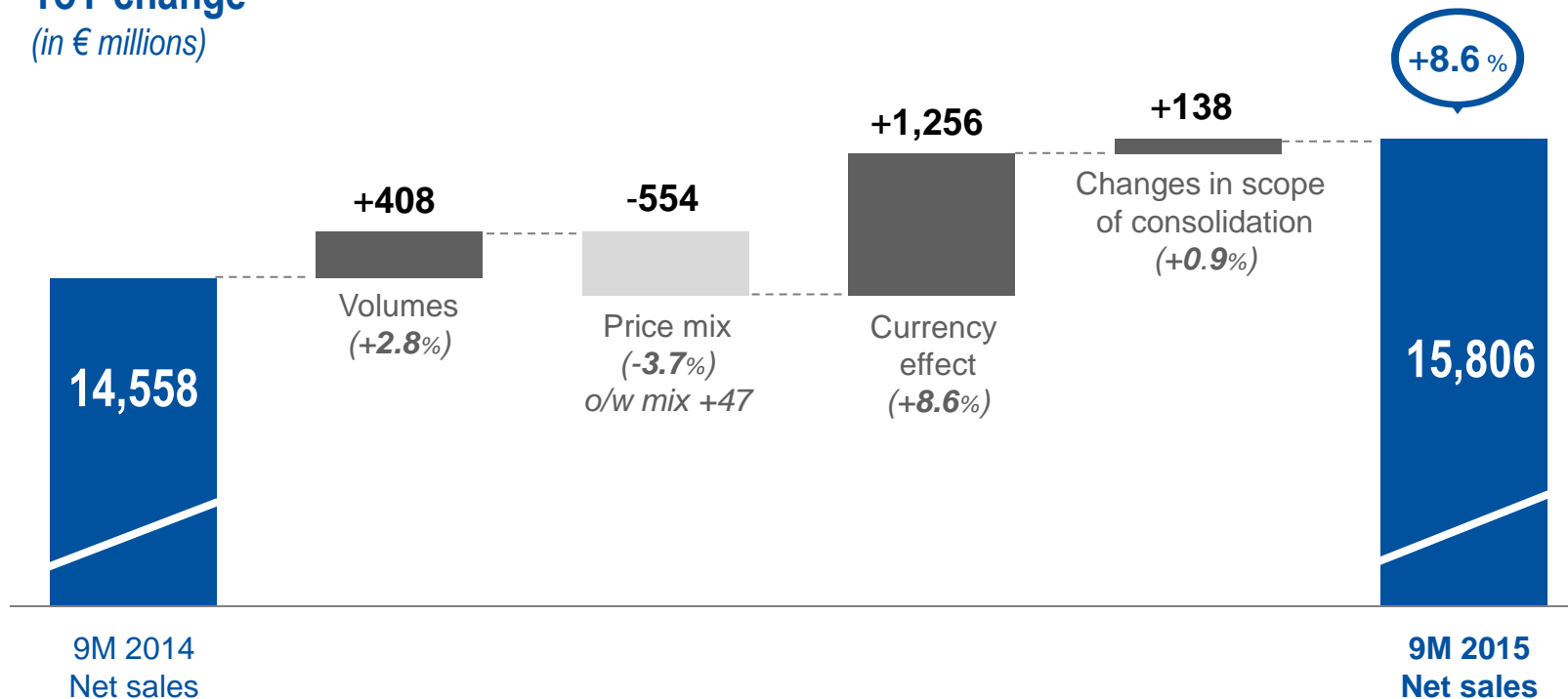
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Guidance confirmed

9-month Net sales up 8.6%, of which 2.8% due to higher volumes

► YoY change (in € millions)

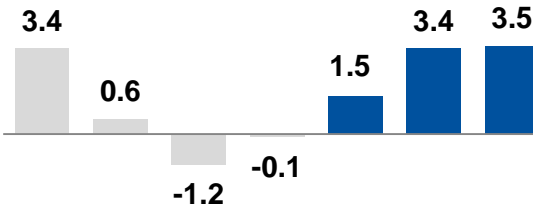


As expected, volumes and the price mix improved quarter to quarter

▶ YoY change in %

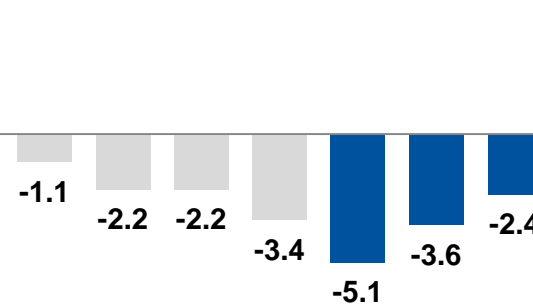
▶ Volumes

Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		



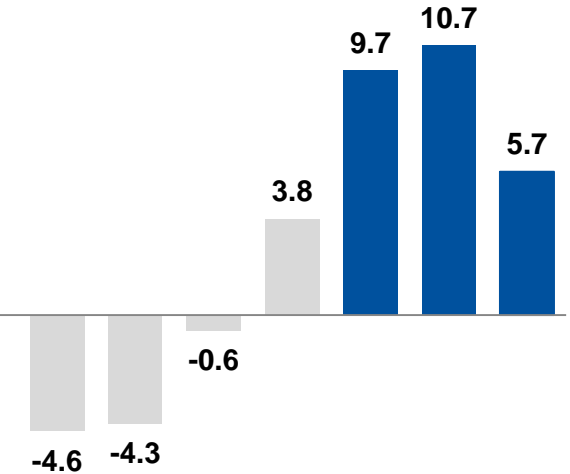
▶ Price-mix

Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		



▶ Currency effect

Q1	Q2	Q3	Q4	Q1	Q2	Q3
2014				2015		



Guidance confirmed

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

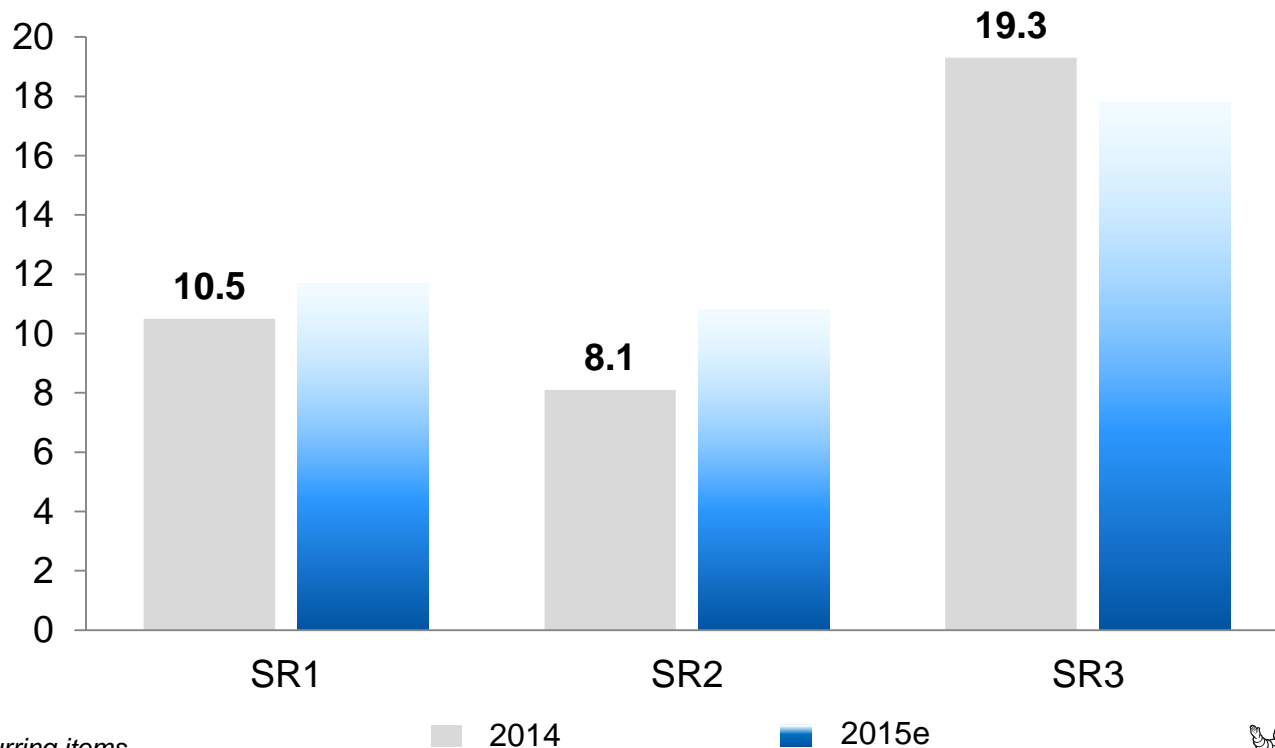
2015 scenario

	2015	2015 old
Impact of raw materials*	Around €550m tailwind	Around €600m tailwind
Price-mix / Raw materials	Indexed business: negative Non indexed business: neutral } Around -€100m	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

▶ EBIT* margin by segment of reporting in %



* Before non recurring items

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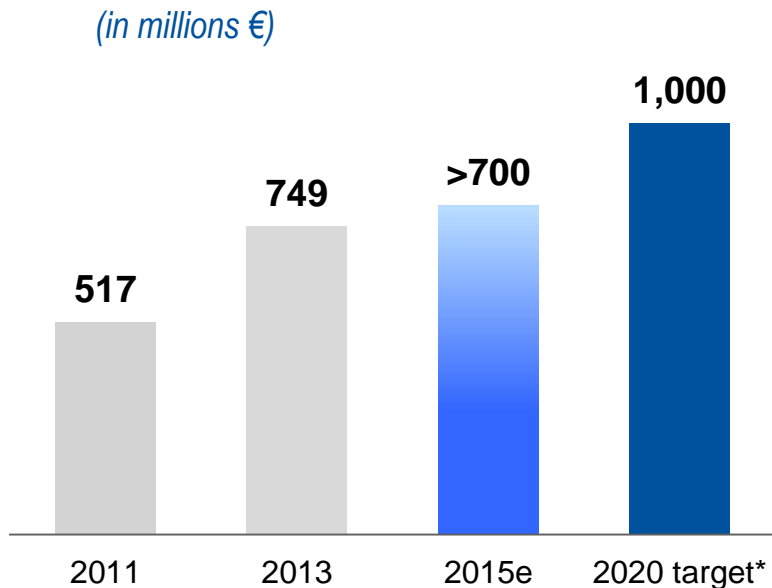
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Shareholders commitment

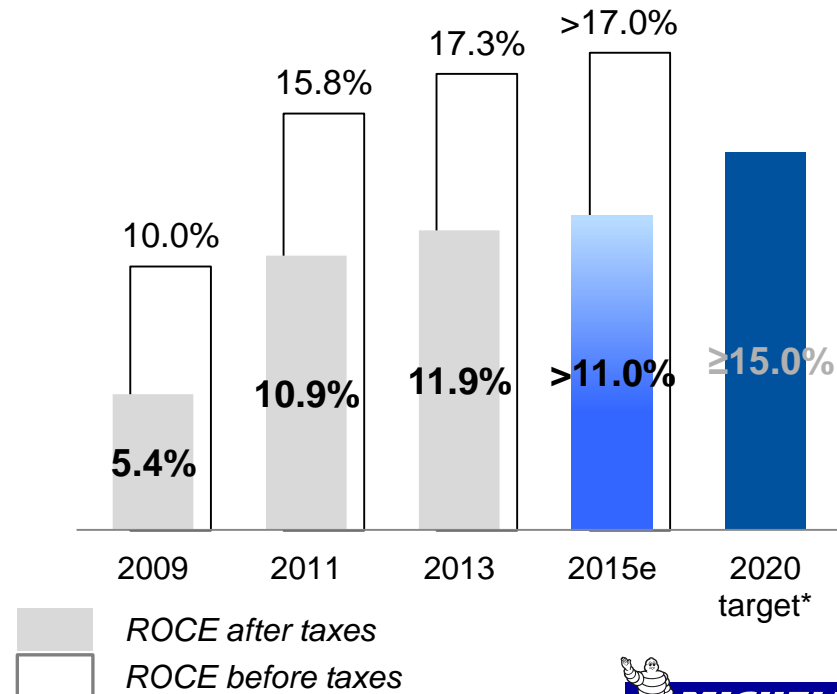
An ambitious value creation target

- ▶ Deliver a structural €1billion Free Cash Flow from 2020*
(in millions €)



* At constant scope of consolidation

- ▶ Deliver a ROCE (after taxes) $\geq 15\%$ from 2020*

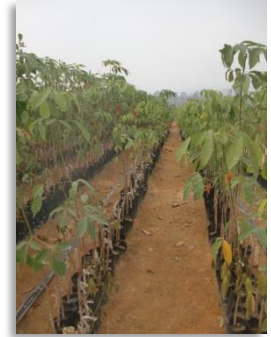


ROCE after taxes
 ROCE before taxes

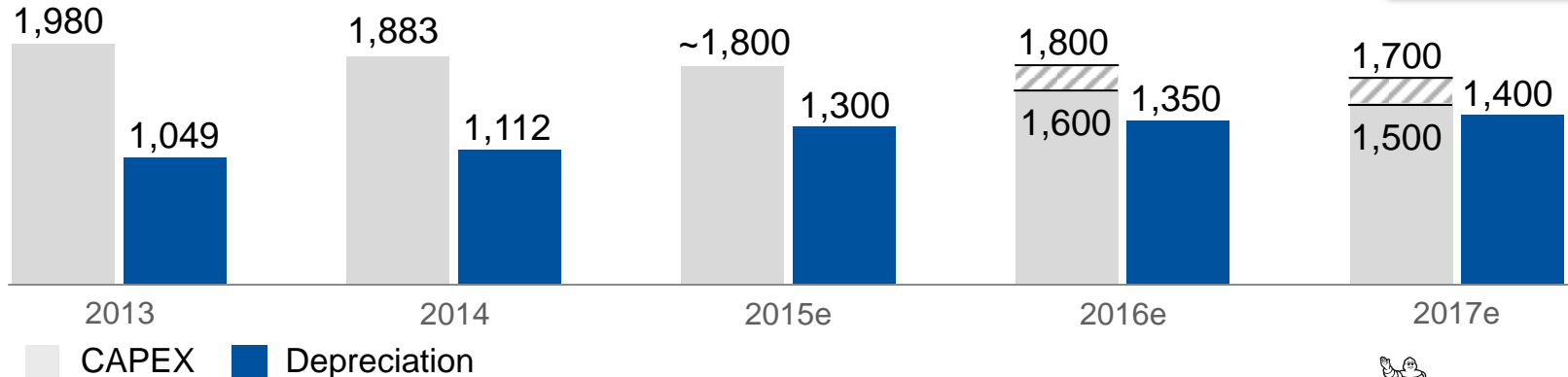
Invest to create value

▶ Succeed in 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

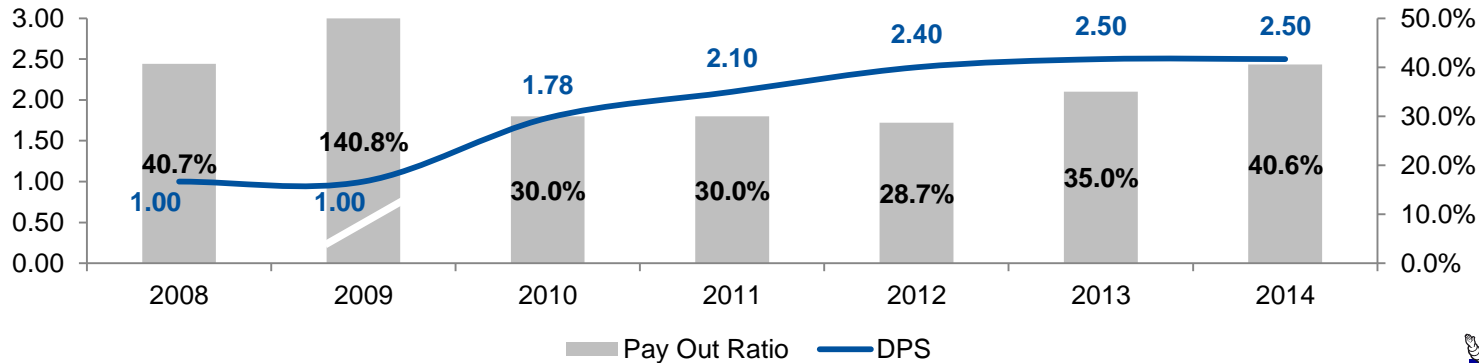


▶ Reducing the gap between capital expenditure and depreciation (In € millions)



A strategy committed to shareholders

- First tranche of €250m completed as of July 31
- Second tranche of €200m to be completed at December-end 2015
- Number of shares repurchased : 3,904,194 as of November 2, 2015
 - Purchase cost: €354m
 - Weighted average price: €90.79
- Pay-out target: at least 35% of Group Net Income (excluding non recurring costs)



INTRODUCING THE
MICHELIN® PREMIER® TIRE



SAFE WHEN NEW

SAFE WHEN WORN

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 michellman.com/premier.



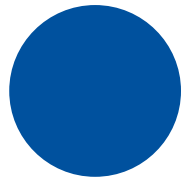
MICHELIN®
Total Performance™



*All tires eventually wear out and should be replaced. Half worn Premier tires are safe because of EverGrip™ Technology. Wet combines an evolving tread with a high-traction compound for enhanced grip on wet roads. Based on lateral wet braking performance from all-terrain tires versus Goodyear® Assurance® TripleTred™ A/S tires in sizes 225/50R17 (200), and P175/60R16 (200), Bridgestone® Turanza™ Energy Plus in size 215/60R16 (200). Using MICHELIN® Premier® A/S tires in size 225/50R17 (200) and 215/60R16 (200), buffed to 5/32" of tread. Actual on-road results may vary.
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Appendices



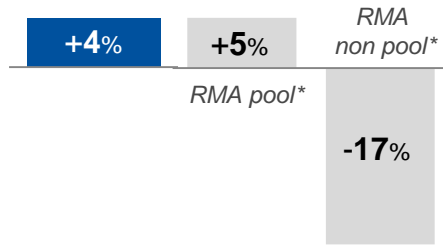
PC tires: strength in mature market demand, declining Winter segment in Europe, steady replacement market growth in China

► Passenger car markets 9-month 2015/2014

% change year-on-year (in number of tires)



North America



* RMA pool : Rubber Manufacturers Association members

Europe excluding Russia & CIS



New markets excluding China



China



GLOBAL MARKET



Source : Michelin

■ OE

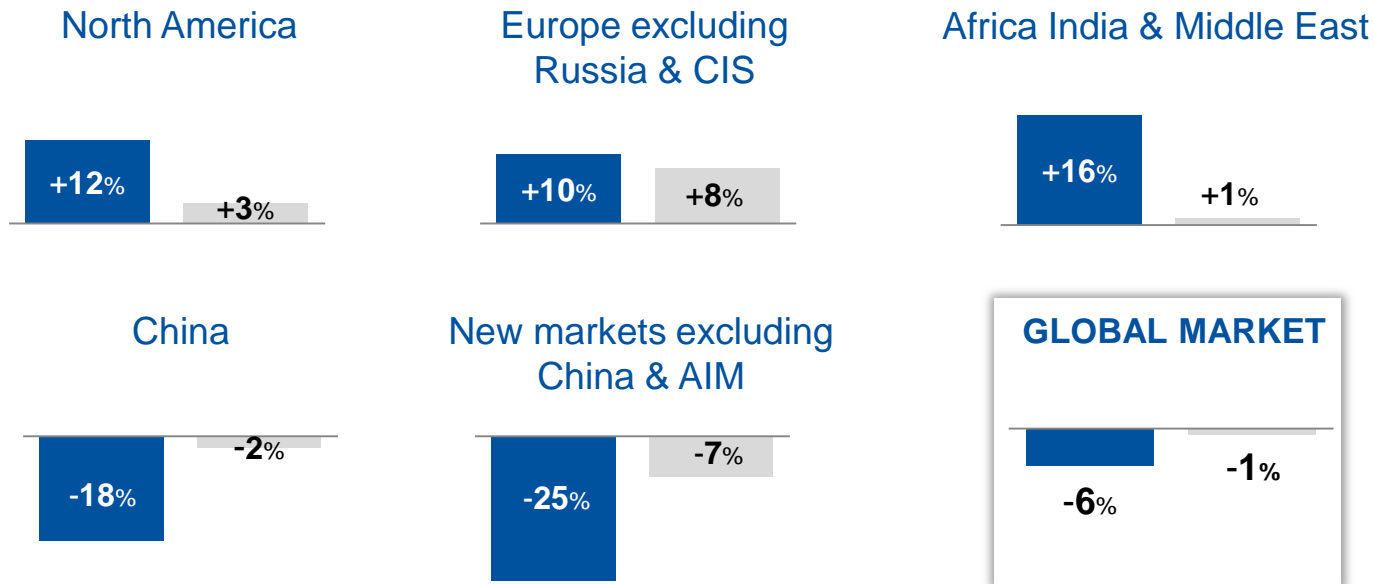
■ RT



Truck tires: global market down, with growth in mature regions and negative trend in new markets

▶ Markets 9-month 2015/2014

% change year-on-year (in number of tires)



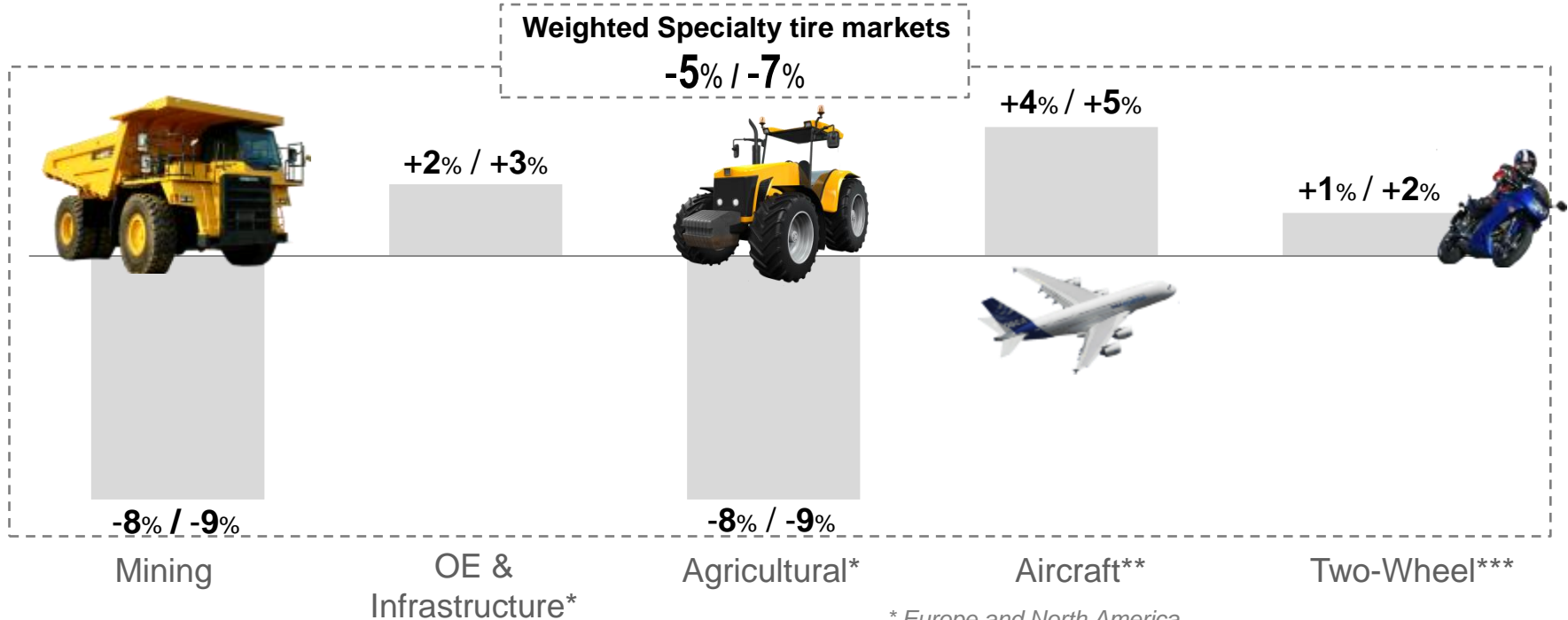
Source : Michelin

■ OE

■ RT

Specialty markets: 2015 outlook on the low end of the range in the Mining and Agricultural markets, with slight growth expected in other segments

► FY 2015e / FY 2014 in tons



Source : Michelin

* Europe and North America

** Commercial aircraft

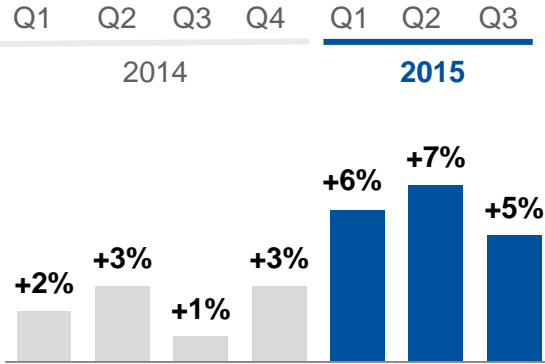
*** Motorcycle Europe, USA, Japan



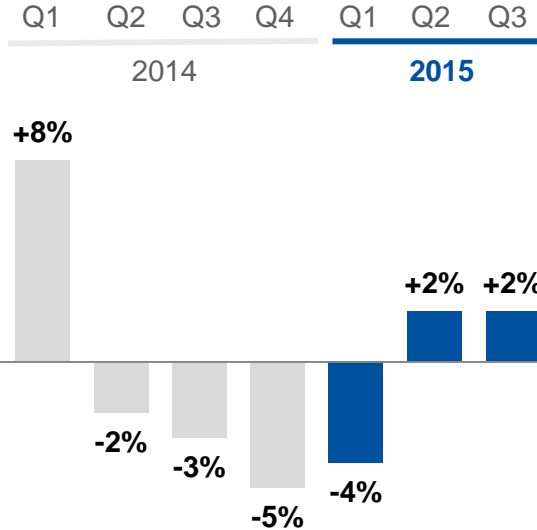
Passenger car and Truck tire sales outpaced the market Specialty businesses volumes in line with their markets

▶ YoY change in tons

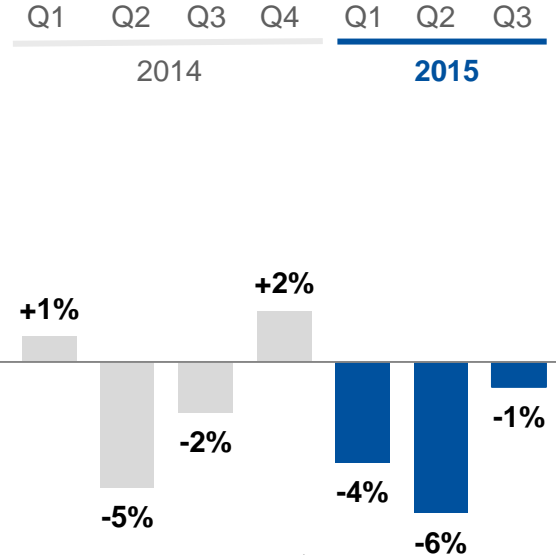
Passenger car and Light truck tires & related distribution






Truck tires & related distribution



Specialty businesses



Net sales supported by above market growth

	9m 2015	9m 2014	% change
 <p>SR1 Net sales (€m) <i>Volume growth</i> <i>Market growth</i></p>	<p>8,838 +6% +1%</p>	7,759	+13.9%
 <p>SR2 Net sales (€m) <i>Volume growth</i> <i>Market growth</i></p>	<p>4,675 -0% -2%</p>	4,503	+3.8%
 <p>SR3 Net sales (€m) <i>Volume growth</i> <i>Market growth</i></p>	<p>2,294 -4% -5% to -7%*</p>	2,296	-0.1%

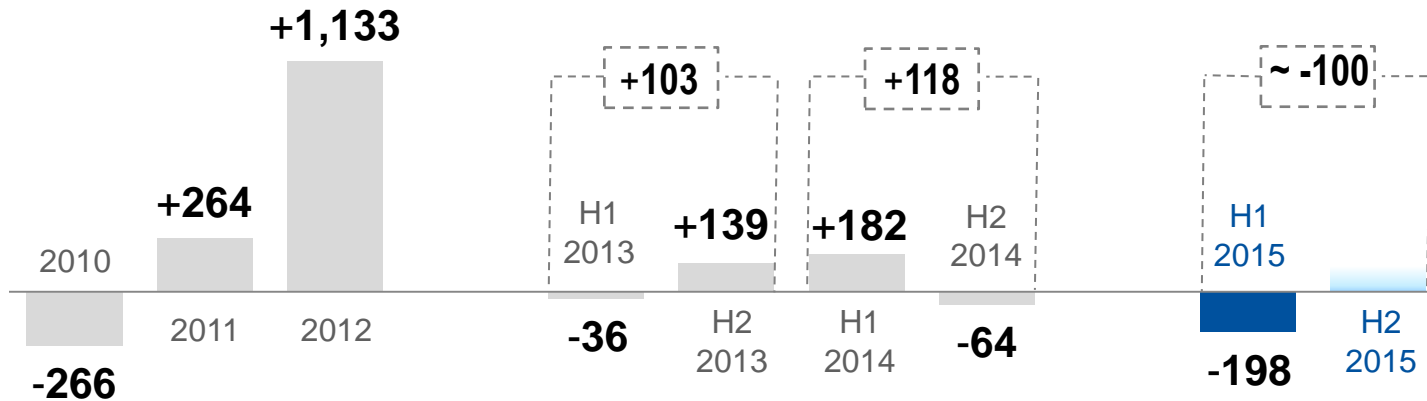
*Full year market expectation



Effective management of pricing policy over time: aggregated net positive impact of more than €1,100m since 2010

► Net effect of price mix and raw materials prices

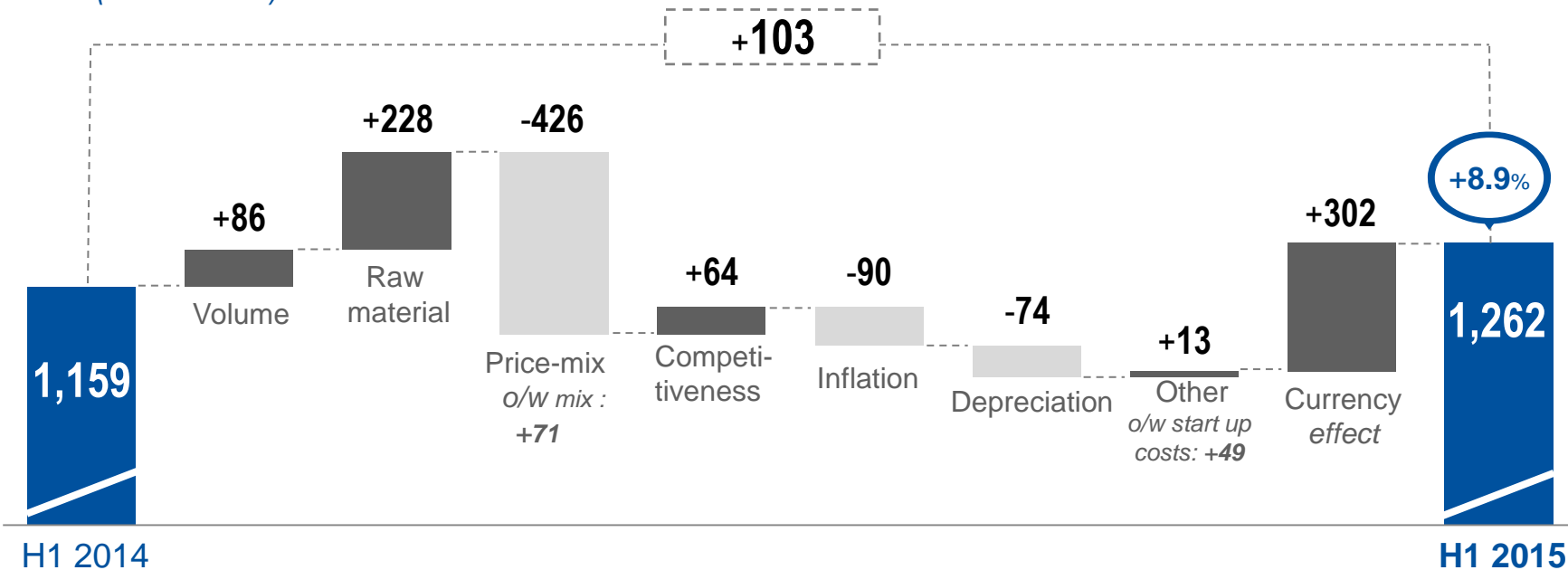
(in € millions)



- Indexation clauses represented a third of the price effect in H1 2015
- Positive raw material price impact of €550m expected over full-year 2015 based on past price trends, after €228m in the first half
- Price increases in Europe in H2 2015

Operating income before non-recurring items up 9% or €103m

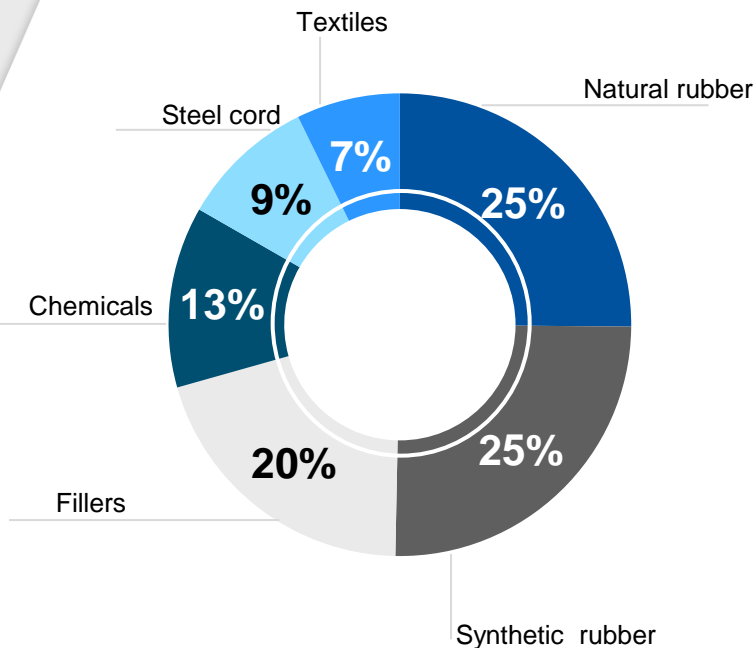
► Change vs. H1 2014 (in € millions)



Raw materials and price trends in 9-month 2015

► Raw material purchases in H1 2015

(€2,414m)

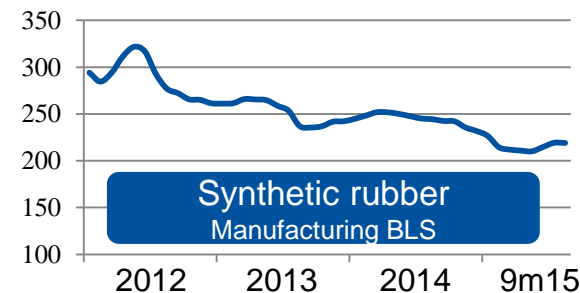
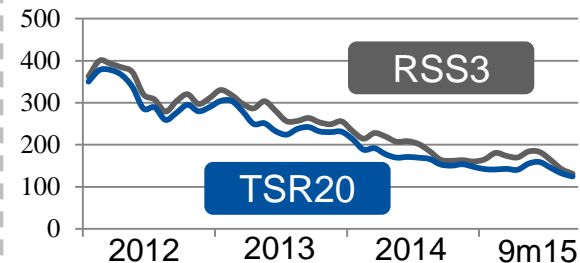
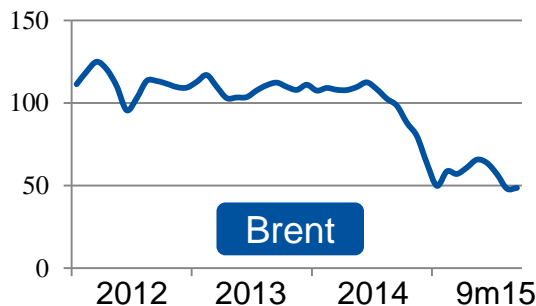


Exchange rate €/€ :

Average 9m'14 : 1.36

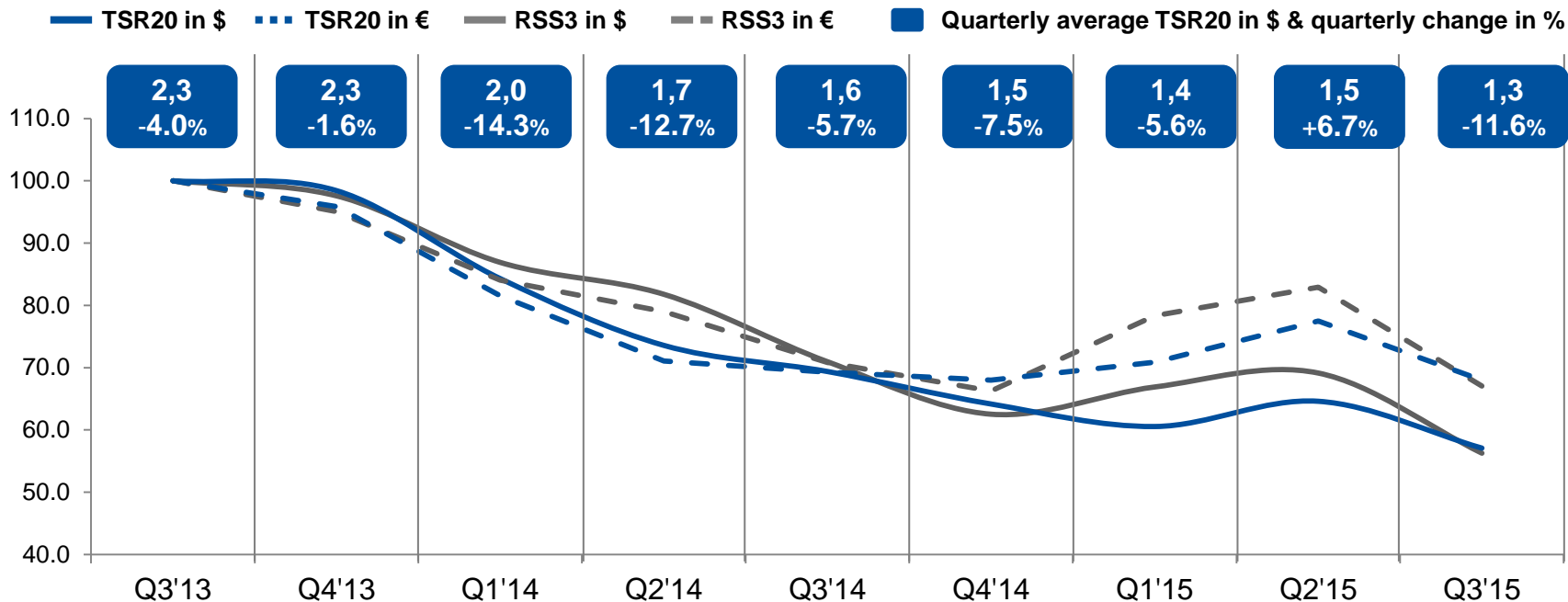
-18%

Average 9m'15 : 1.12



Natural Rubber price change reflecting into Group P&L with around 6-month time lag

Natural Rubber Price Evolution in \$/kg and €/kg (base 100 in Q3'13) at end of September 2015

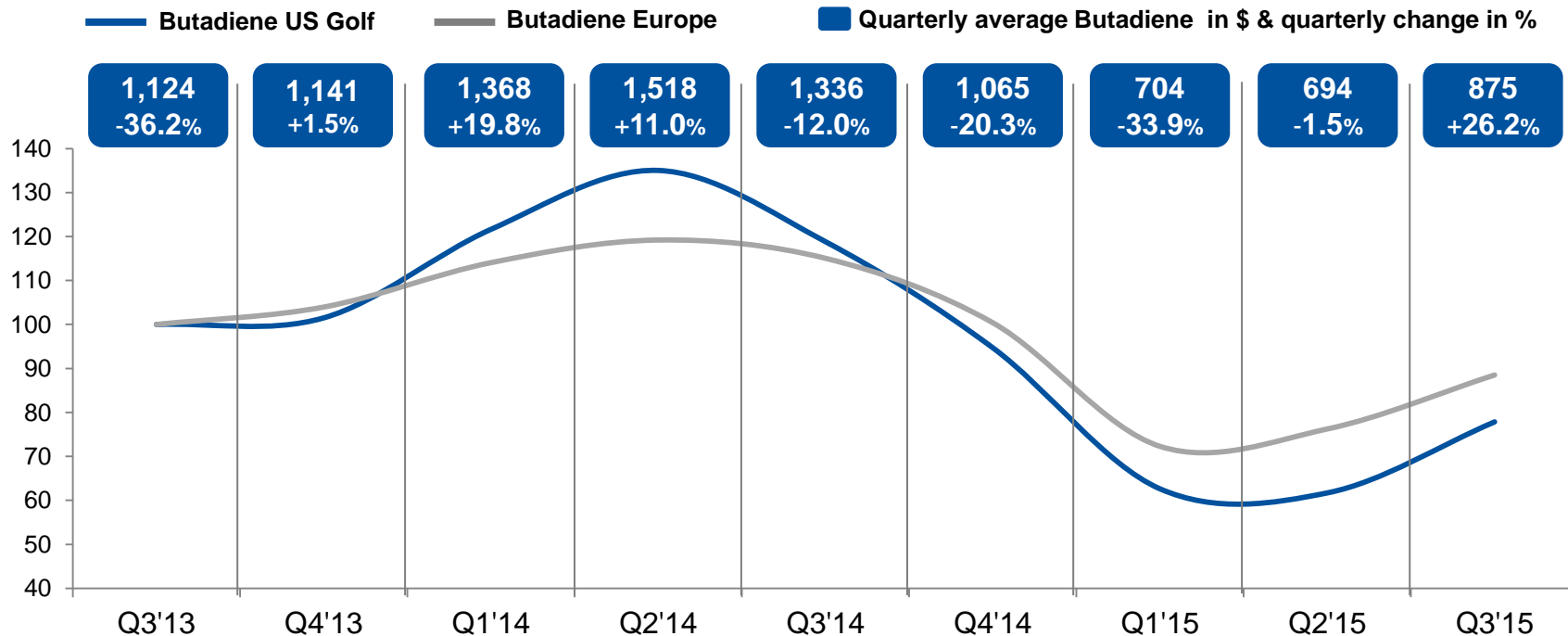


Source : SICOM



Butadiene Price change reflecting into Group P&L with around 4-month time lag

Butadiene Price Evolution (base 100 in Q3'13) at end of September 2015

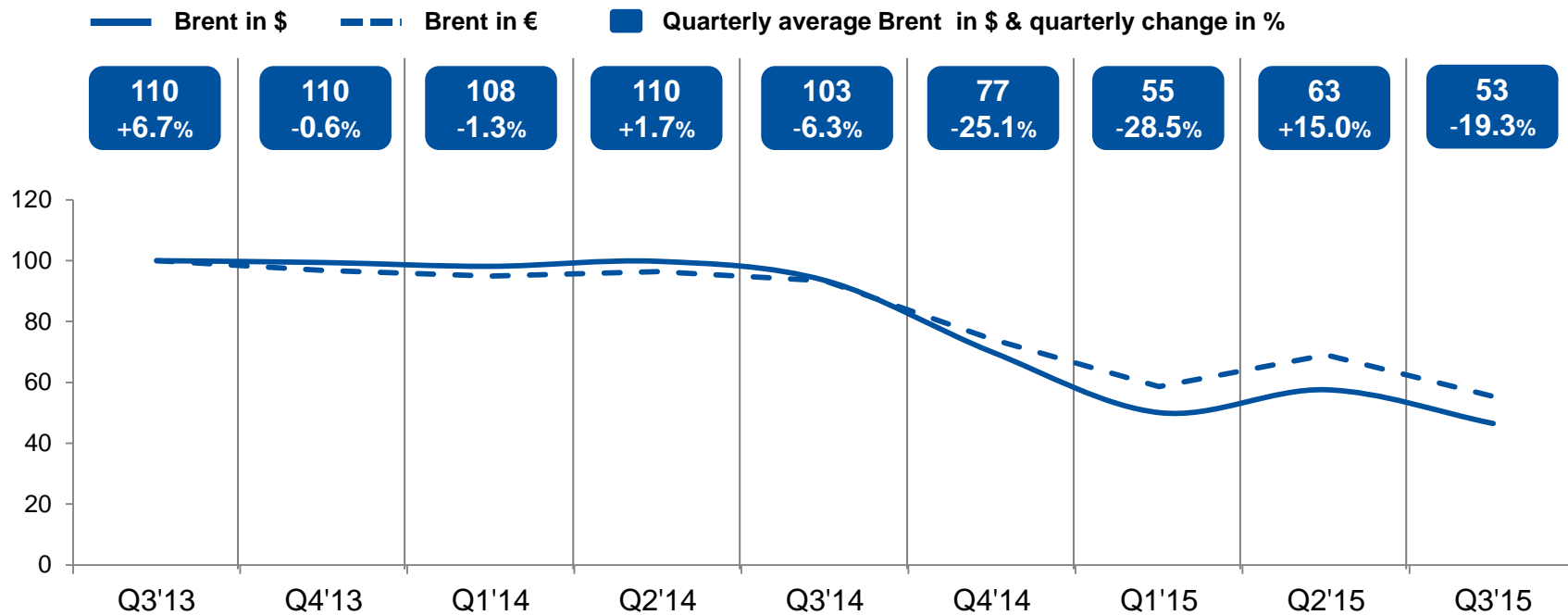


Source : IHS



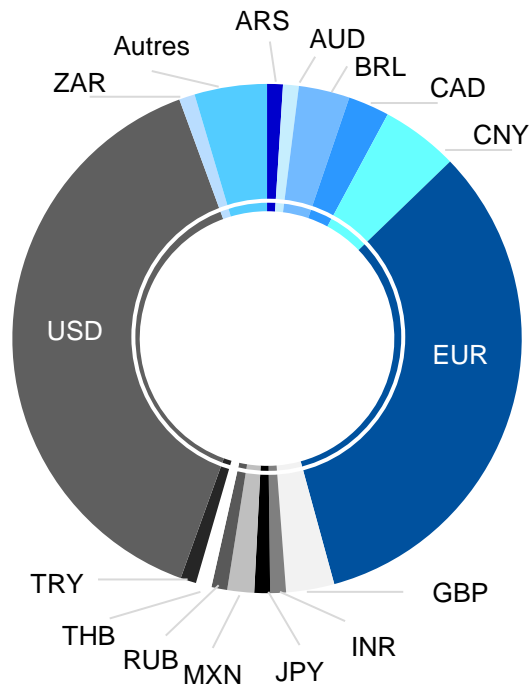
Brent Price in USD/barrel (base 100 in Q3'13)

At end of September 2015



Estimated positive currency FY effect of around €400m on EBIT

Breakdown of H1 2015 net sales by currency



% of net sales	
ARS	1%
AUD	1%
BRL	3%
CAD	3%
CNY	5%
EUR	33%
GBP	3%
INR	1%
JPY	1%
MXN	2%
RUB	1%
THB	1%
TRY	1%
USD	39%
ZAR	1%
Others	5%

Sensitivity of EBIT to the €/€ exchange rate: one cent change in the annual average €/€ exchange rate would result in a €15m-€20m change in full-year EBIT.

Rate Euro / USD – 12/2011 – 09/2015

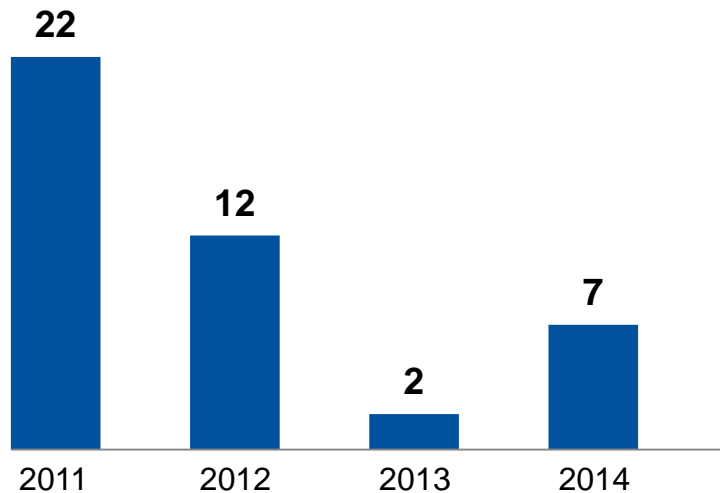


Source : Thomson One

Financial structure still robust after acquisitions

► Gearing – Net debt/Equity

(as a %)



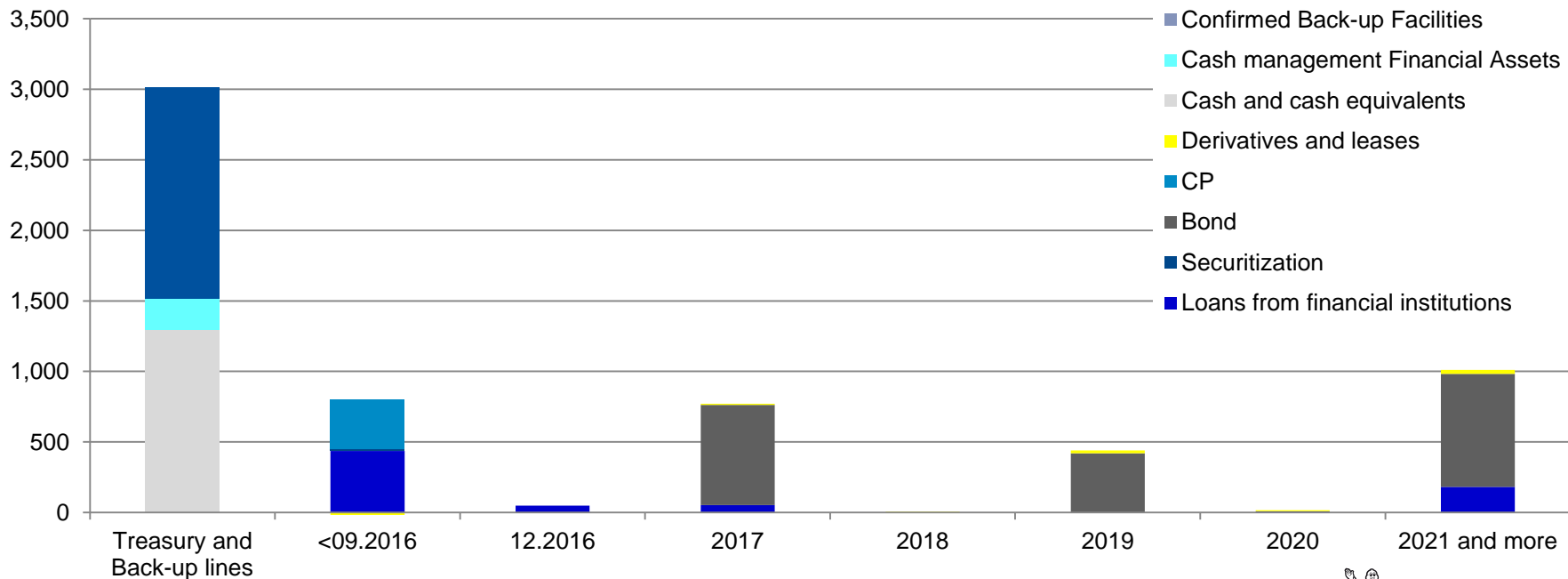
► Debt rating

		CGEM	CFM
Short term	S&P Moody's	A-2 P-2	A-2 P-2
Long term	S&P Moody's	BBB+ A3	BBB+ A3
Outlook	S&P Moody's	Stable Stable	Stable Stable

A comfortable cash position

► Debt maturities at Sept. 30, 2015

(Nominal value, in € millions)



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

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