



London

Credit Investor Update

September 30 & October 1, 2015

Disclaimer

"This document has been prepared exclusively for the purpose of a presentation to investors held on May 18, 2015 in connection with the proposed offering by Michelin Luxembourg SCS (guaranteed by Compagnie Financière du Groupe Michelin, "Senard et Cie" (formerly Compagnie Financière Michelin)) of bonds (the "Offering").

To obtain more detailed information on the Michelin Group, please consult the documentation available at www.michelin.com, that includes the information filed by the Michelin Group with the Autorité des Marchés Financiers ("AMF"). This includes the 2014 and 2013 registration documents of Compagnie Generale des Etablissements Michelin. The registration documents present a detailed description of the Michelin Group, its business, strategy, financial condition, results of operations and risk factors.

A prospectus will be prepared for the purposes of the Offering and any investment decisions shall only be made on the basis of the information included in the prospectus.

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Highlights

- A global presence and a balanced business portfolio
- Strong brand and unrivalled technological leadership
- A leader in the premium segment and specialty businesses
- Competitiveness program towards operational excellence
- Strong profitability with high operating margins and cash flow generation
- Sound balance sheet with sustainable credit metrics
- Solid liquidity profile with prudent and diversified funding strategy
- A3 (Moody's) / BBB+ (S&P) ratings; recent upgrade by Moody's in March 2015

Corporate Structure

Compagnie Générale
des Etablissements Michelin
(CGEM) France

▽ 100%

Compagnie Financière du Groupe Michelin
"Senard et Cie"
(CFM) Switzerland



Manufacturing, sales &
research companies
outside France

▽ 100%

Michelin
Luxembourg
SCS

▽ 100%

Manufacture Française des Pneumatiques
Michelin
(MFPM) France



Manufacturing and sales companies
in France

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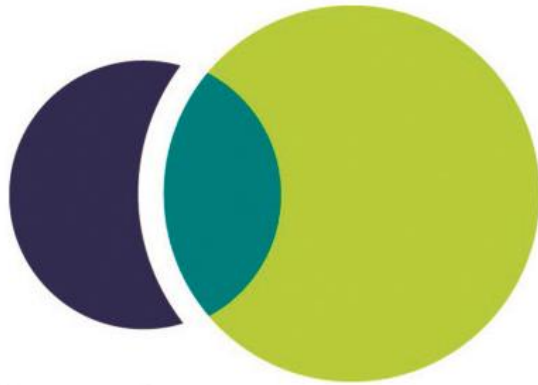
Activating Group Levers

Michelin Committed on 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 everyone's quality of life through sustainable mobility



Michelin is 2015 Industry Best of the Transport Components Sector in the Dow Jones Sustainability Index World (DJSI - ROBE COSAM)



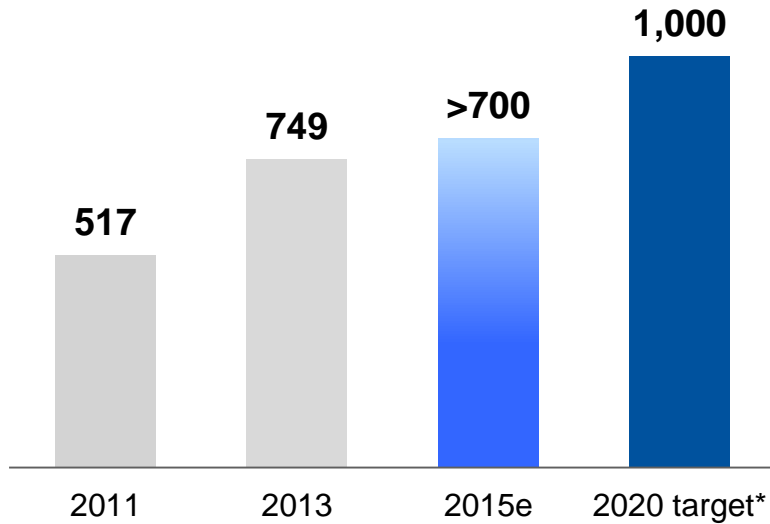
**Dow Jones
Sustainability Indexes**



An Ambitious Value Creation Target for 2020

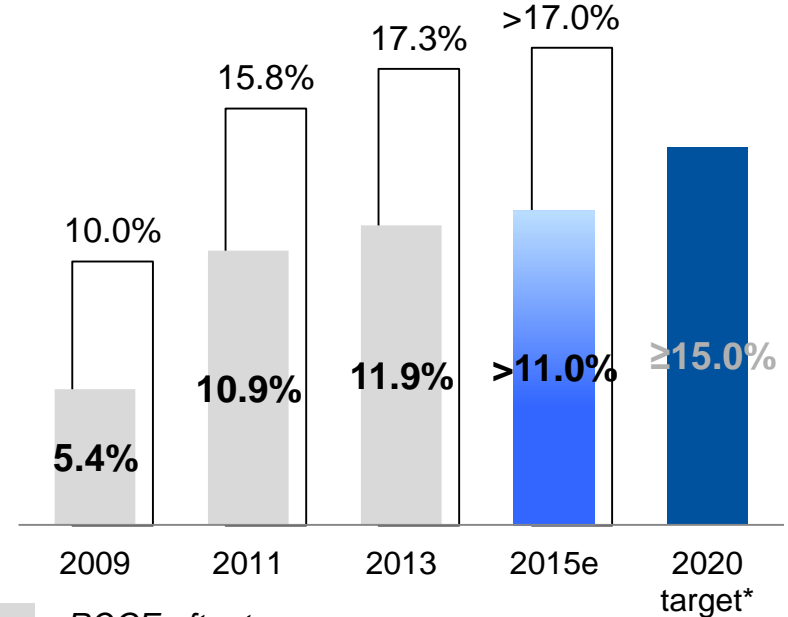
- ▶ Deliver a structural €1billion Free Cash Flow from 2020*



(in millions €)



* At constant scope of consolidation

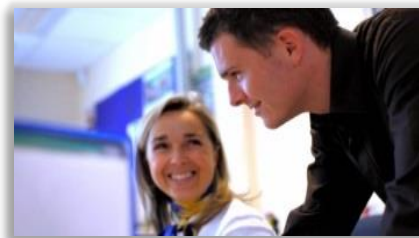
- ▶ Deliver a ROCE (after taxes) $\geq 15\%$ from 2020*



 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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Activating Group Levers

- Innovation, the Michelin's DNA

A Continuing Focus on Innovation through Michelin Innovation Ecosystem

Corporate Innovation Board

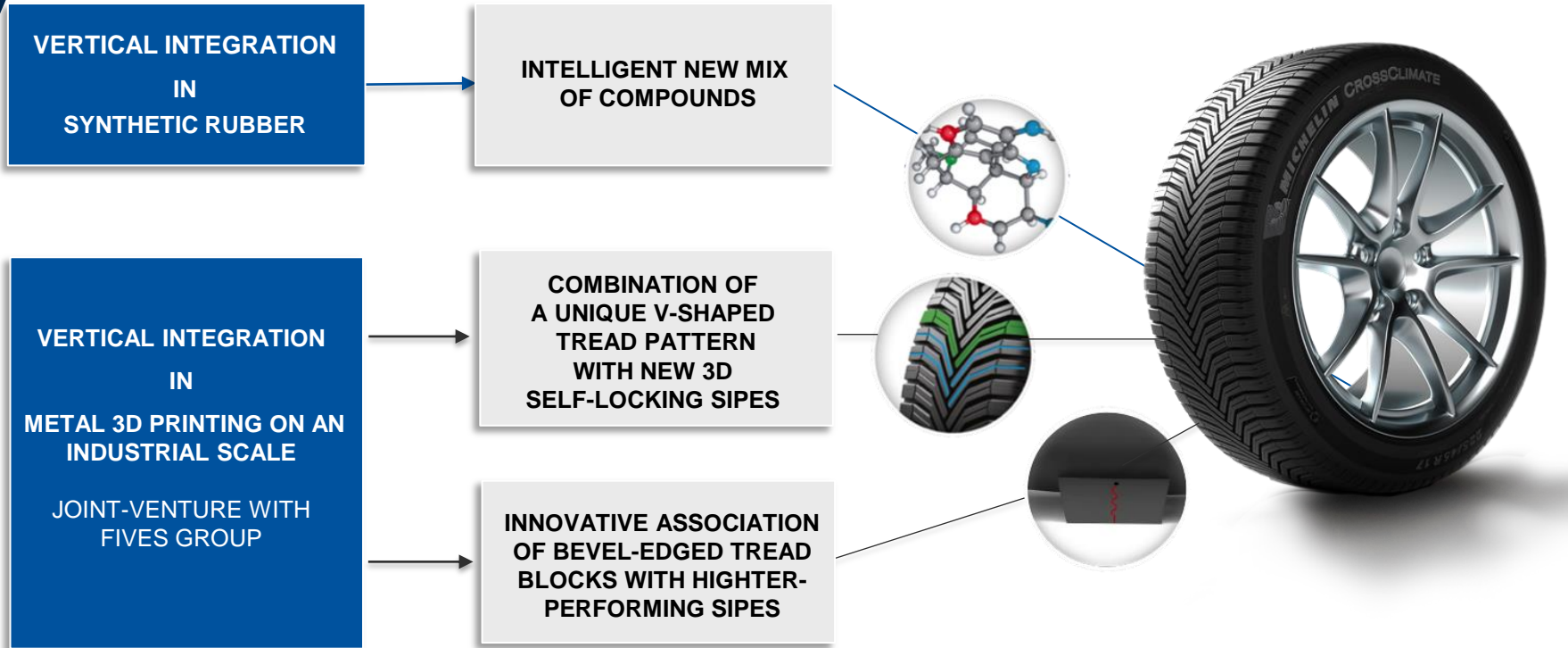
- Mission:
 - Define Group's innovation strategy to serve its growth
 - Govern the innovation dynamics in line with the strategy
- Achievements:
 - Speeding up innovation at Michelin Brand
 - Advanced marketing teams to ensure profitable go to market
- Mobility initiatives :
 - Tweel: successful incubator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



LULI INFORMATION
TECHNOLOGY

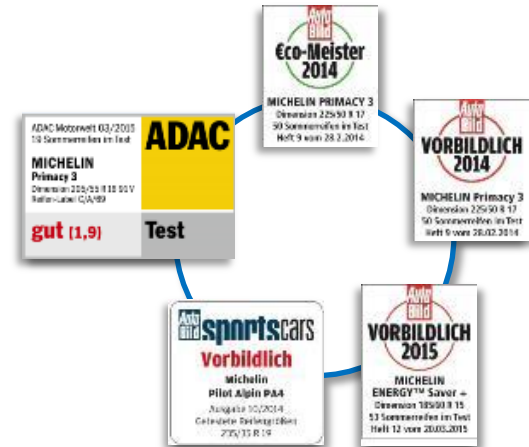


CrossClimate Incorporates All Latest Technology And Process Innovations

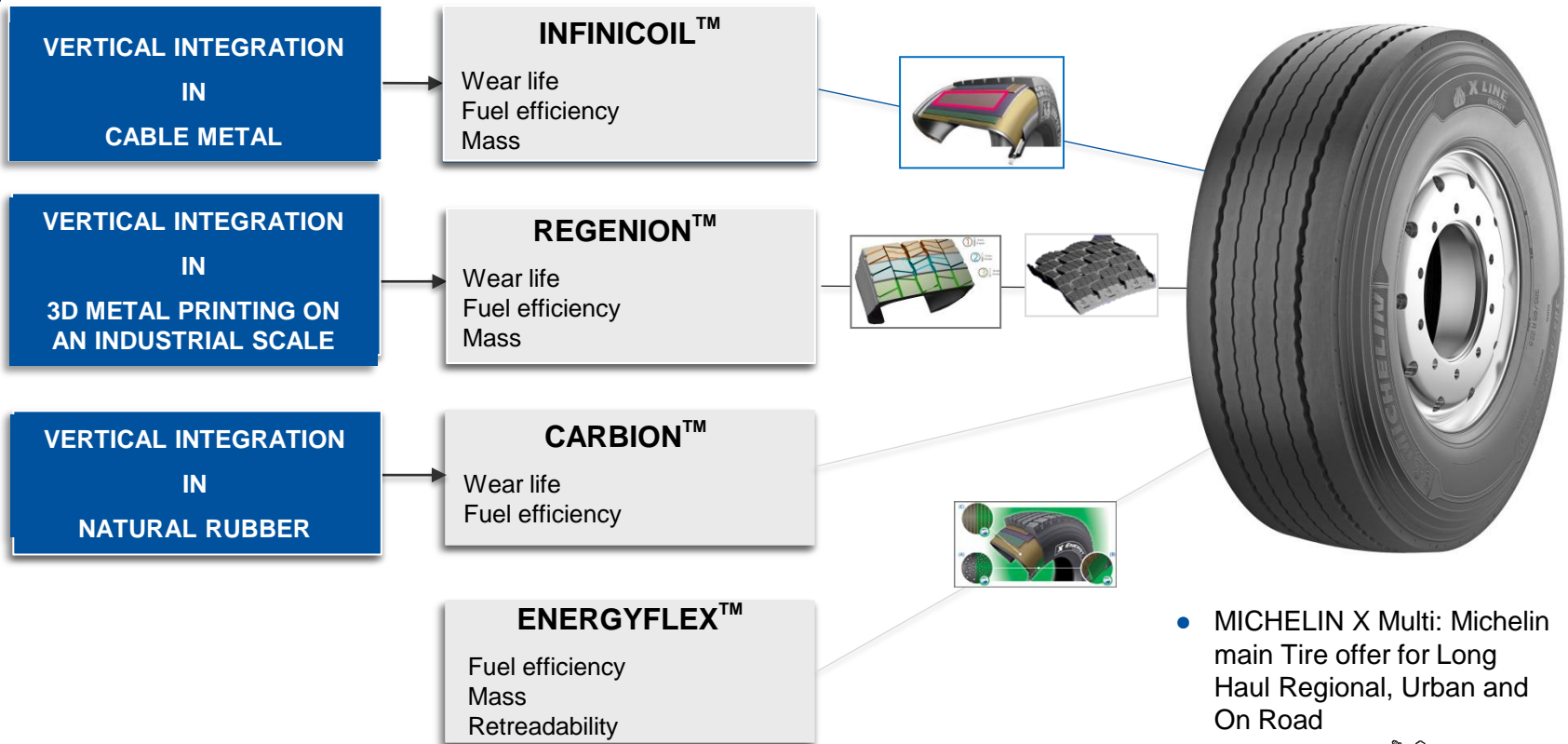


Innovations Acknowledged by Customers

- 72% of 2014 OE certifications on $\geq 17'$
- Successful co-development with the most demanding OEMs
- Performance acknowledged by 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 Energy™ Saver + :
 - Best recommendation Autobild 2015 (185/60R15)



T&B: Innovation Matching Customer Expectations (wear life and fuel efficiency)



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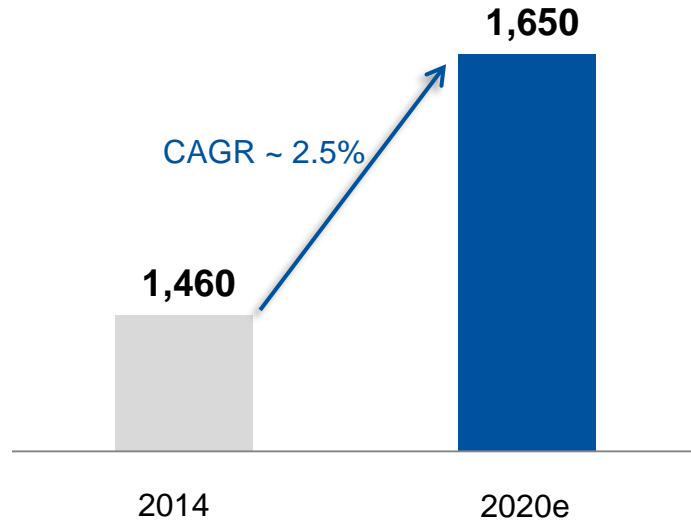
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Activating Group Levers

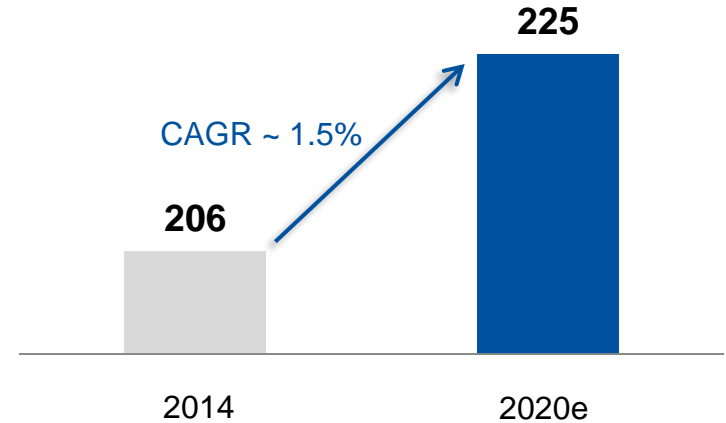
- Capturing Growth

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

Michelin: a 100% Premium Pricing Brand in Every Market



MICHELIN brand :
84% of 2014
Group's
net sales

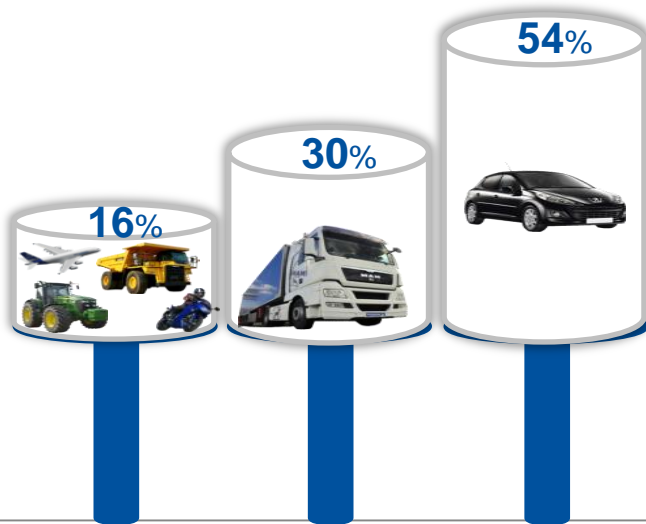
* Except in Europe (including former countries of the Soviet Union) and in Africa and Middle East



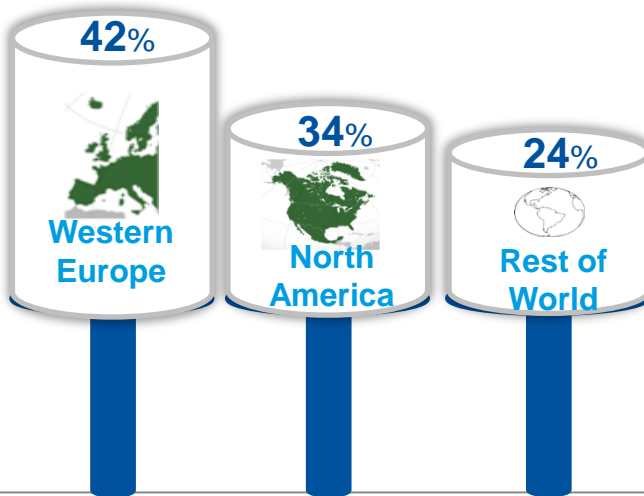
Natural Hedging Through a Balanced Geographic and Product Mix

► Breakdown of Group net sales

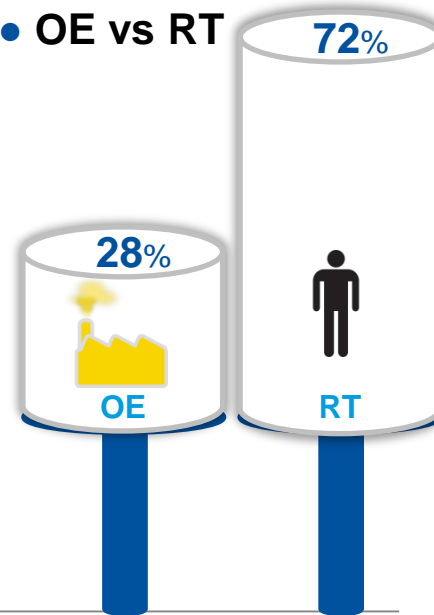
• Segment reports



• Geographical regions



• OE vs RT

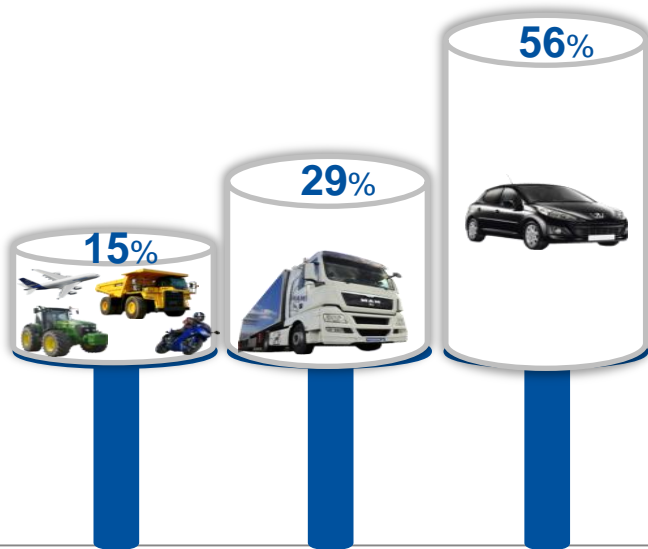


Percentage contribution of each segment/region to total H1 2014 consolidated net sales

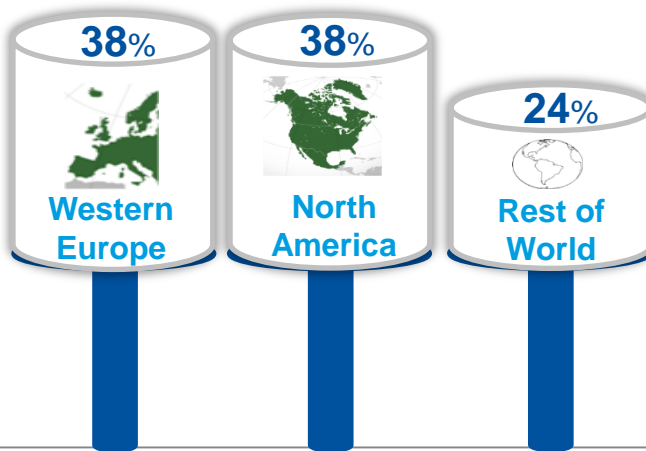
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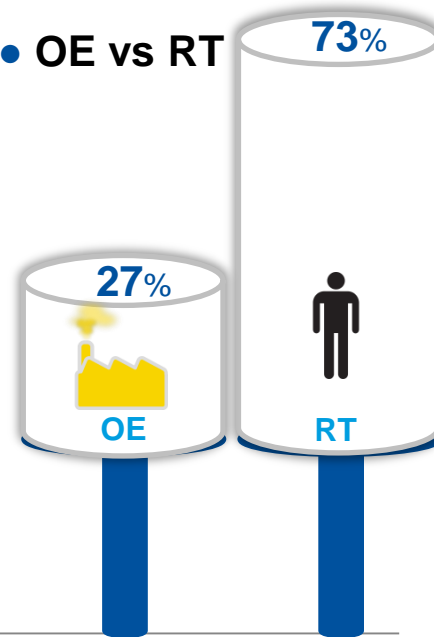
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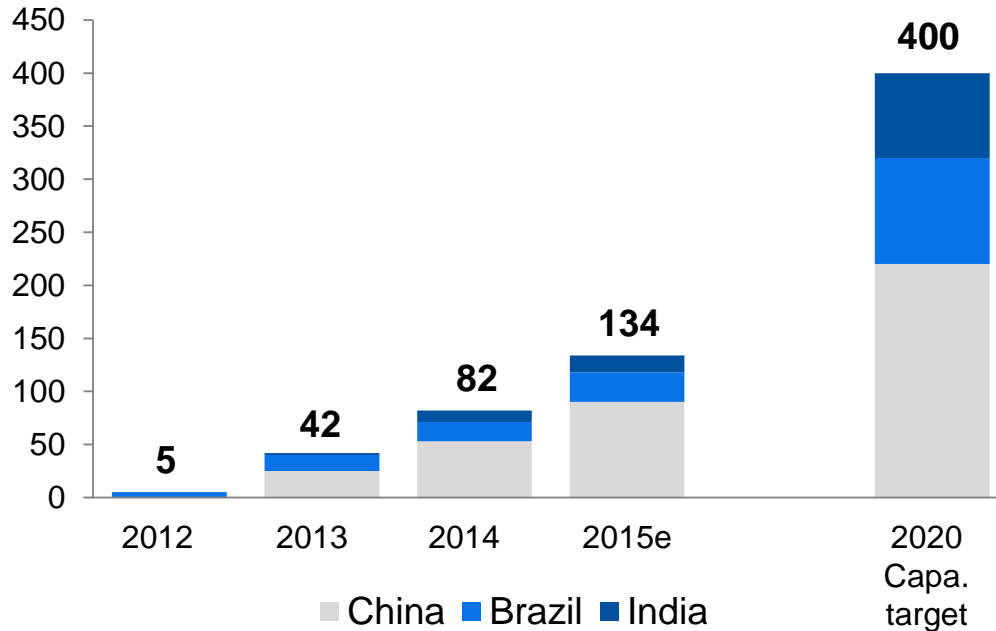
• OE vs RT



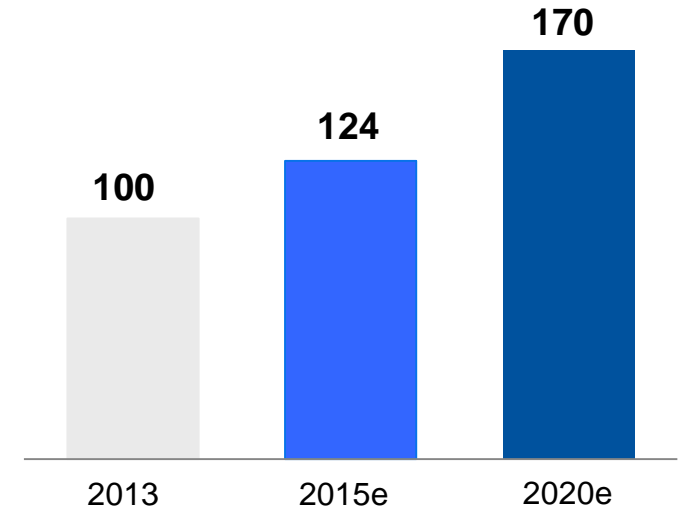
Percentage contribution of each segment/region to total H1 2015 consolidated net sales

Production Ramp-up on Schedule to Foster Volume Growth

▶ Ramp-up in new greenfield plants (in kt)

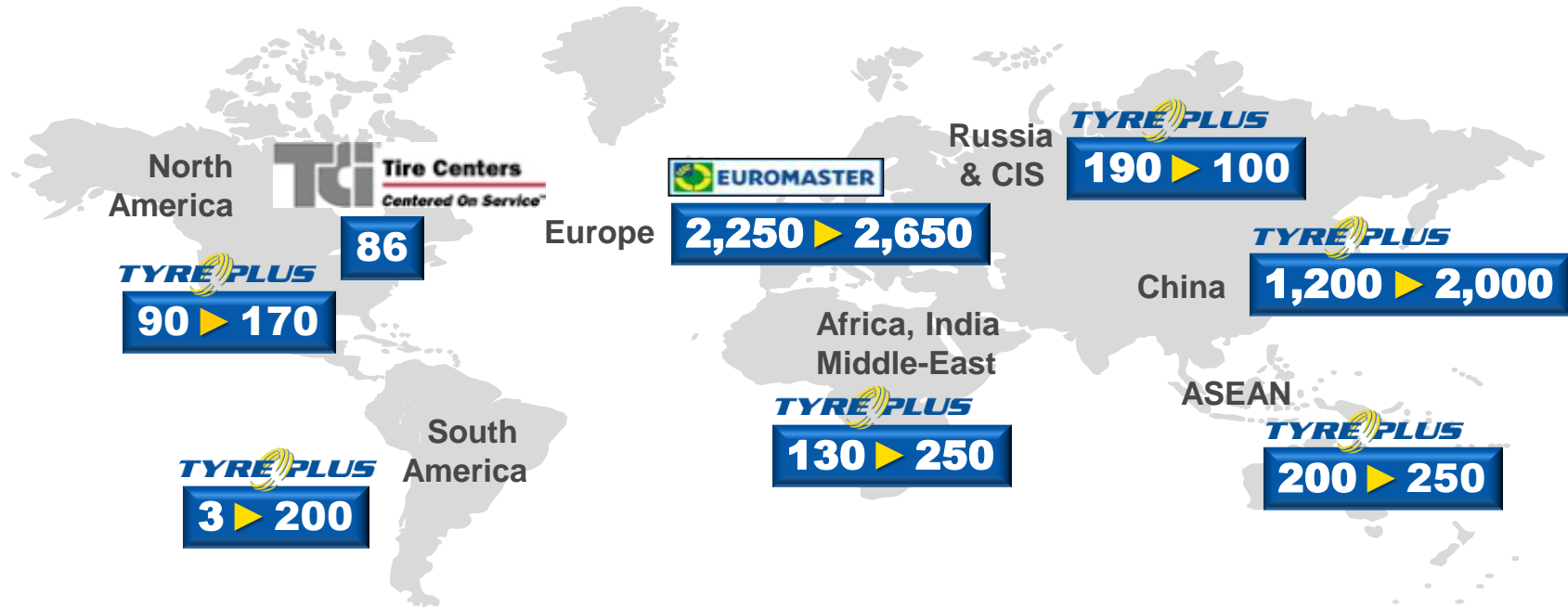


▶ Group > 17" capacity (base 100, in million of tires, MICHELIN brand)



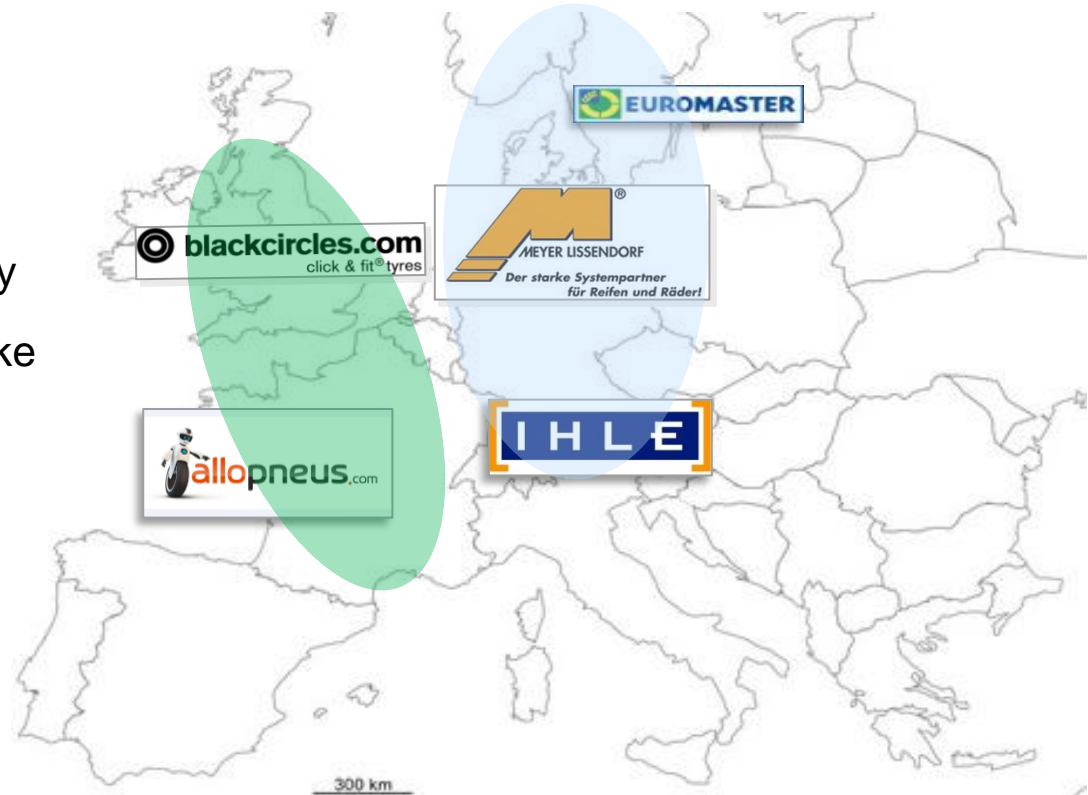
A Vast Network of Integrated and Franchised Dealers

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

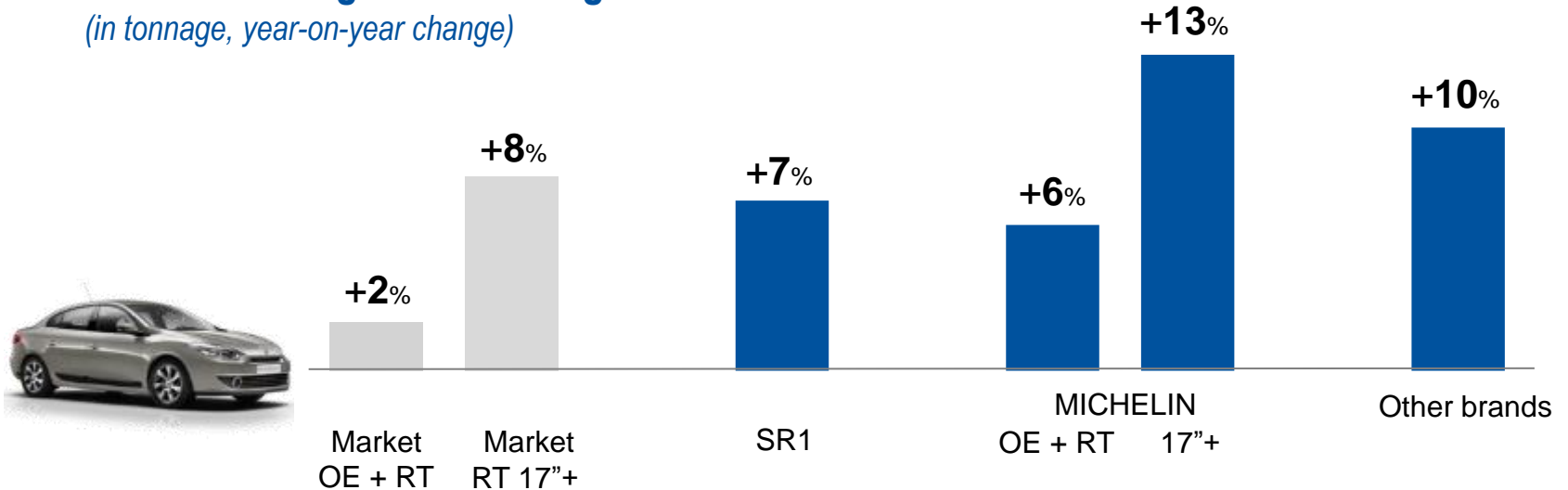


TWEEL

Passenger car/Light truck tires: Above-market Growth, Improved Product Mix And Rebound in Other Brands

► Global Passenger Car and Light Truck Growth in H1-2015

(in tonnage, year-on-year change)



- Volume growth in all regions, in the original equipment and replacement segments alike, across all the Group's brands and products

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
2012 – 2016 Objective*	-€300m / -€400m	-€200m / -€300m	-€600m / -€700m	-€1,200m
Achieved**	-€315m	-€119m	-€333m	-€767m
To come	Around -€100m	Around -€100m	Around -€300m	Around -€500m
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 	

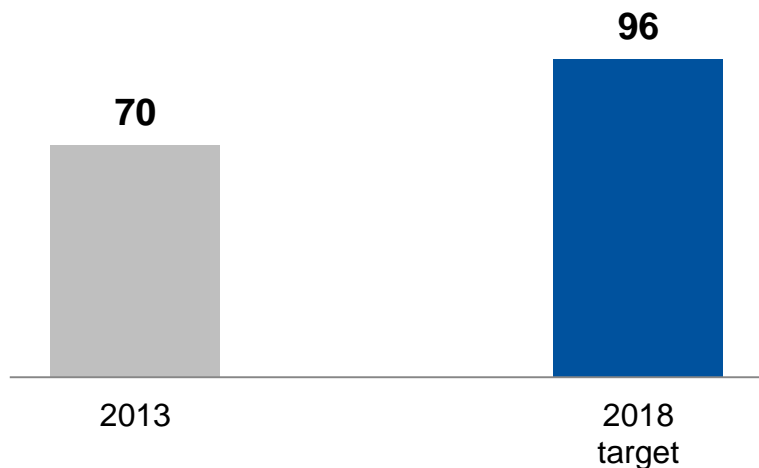
* Before inflation and including avoided costs

** At June 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%	91%
Truck	76%	83%	90%
Specialty	90%	69%	94%

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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

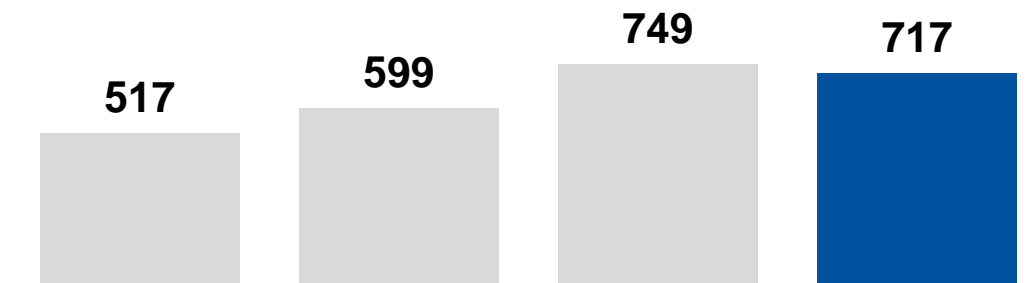
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A Sound Financial Profile

State-of-the-art Management Process that Structurally Generates Free Cash Flow



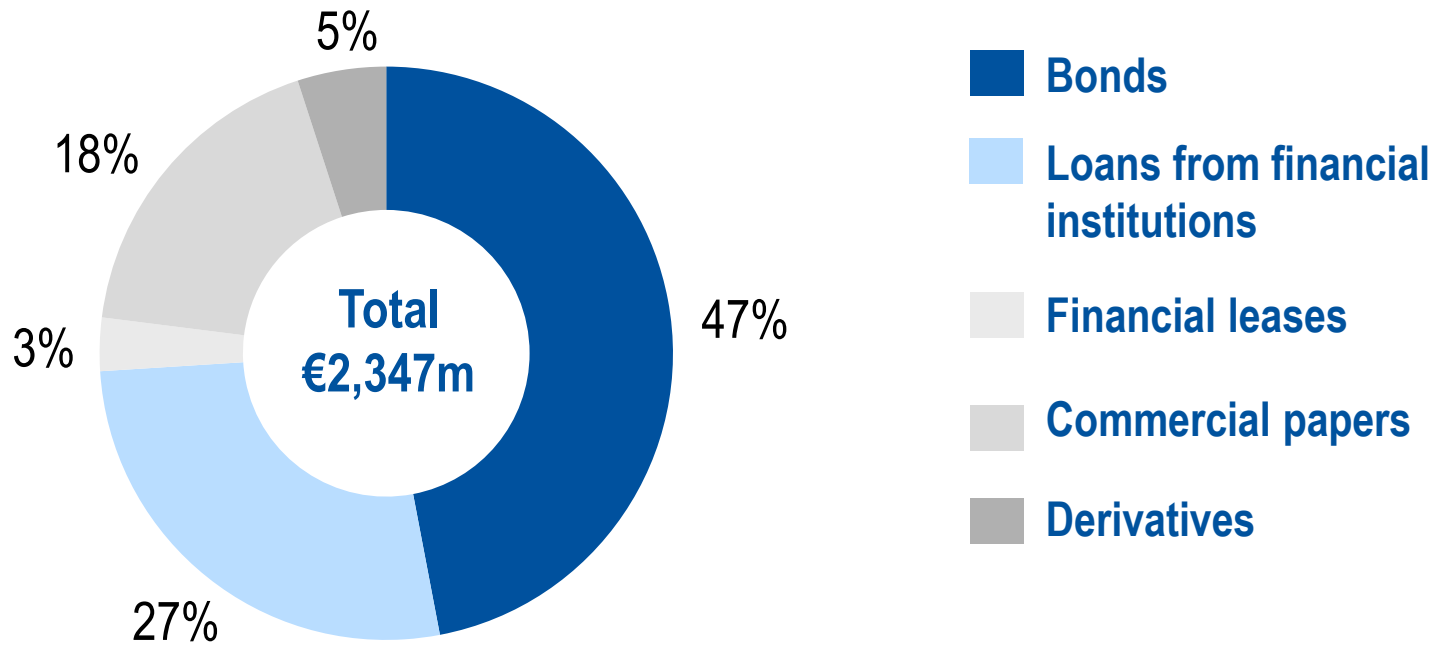
<i>In € millions</i>	2011	2012	2013	2014
Reported free cash flow ⁽¹⁾	(19)	1,075	1,154	322
WCR impact of raw materials costs ⁽²⁾	(739)	21	405	177
Year-end volume effect on WCR ⁽³⁾	(200)	344	nm	(172)
Non-recurring items⁽⁴⁾	403	111	-	(400)
Structural free cash flow ^{(1) - (2) - (3) - (4)}	517	599	749	717

Cash and Liquidity Reserve

- €1,167m of cash & cash equivalents and €313m of cash management financial assets at Dec 31, 2014
- €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

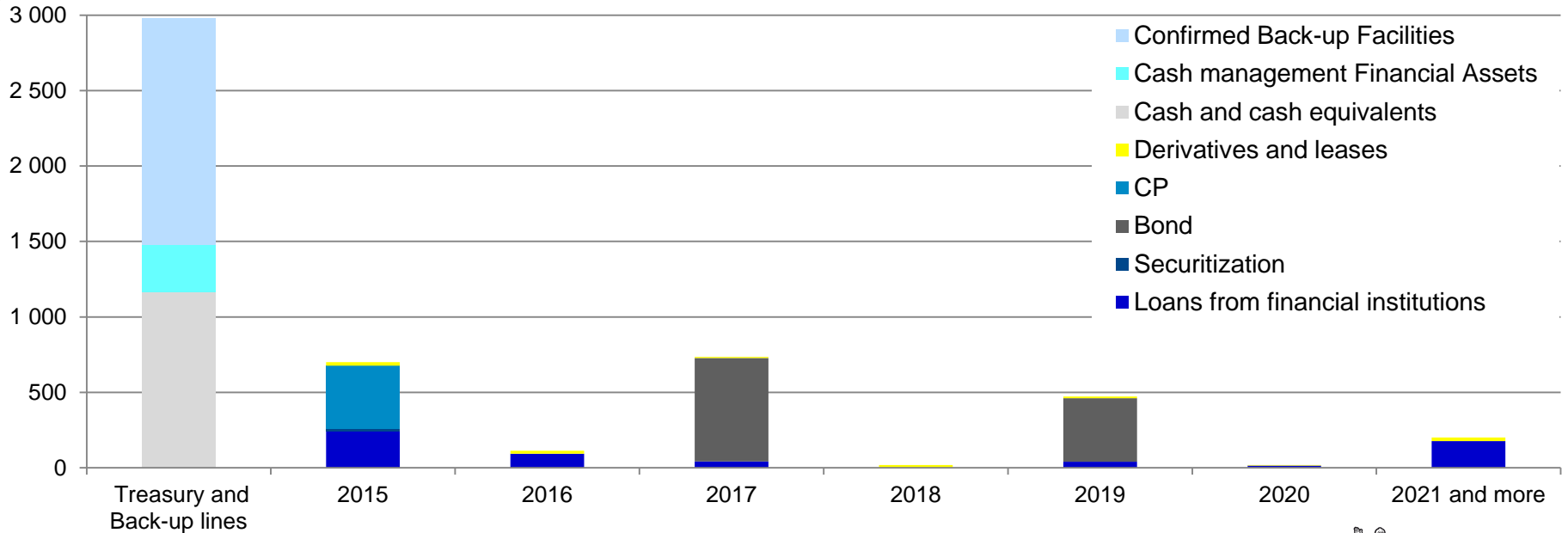
Strong Diversification of Michelin's Sources of Financing

► Gross Debt by Financing Type as at December 31, 2014



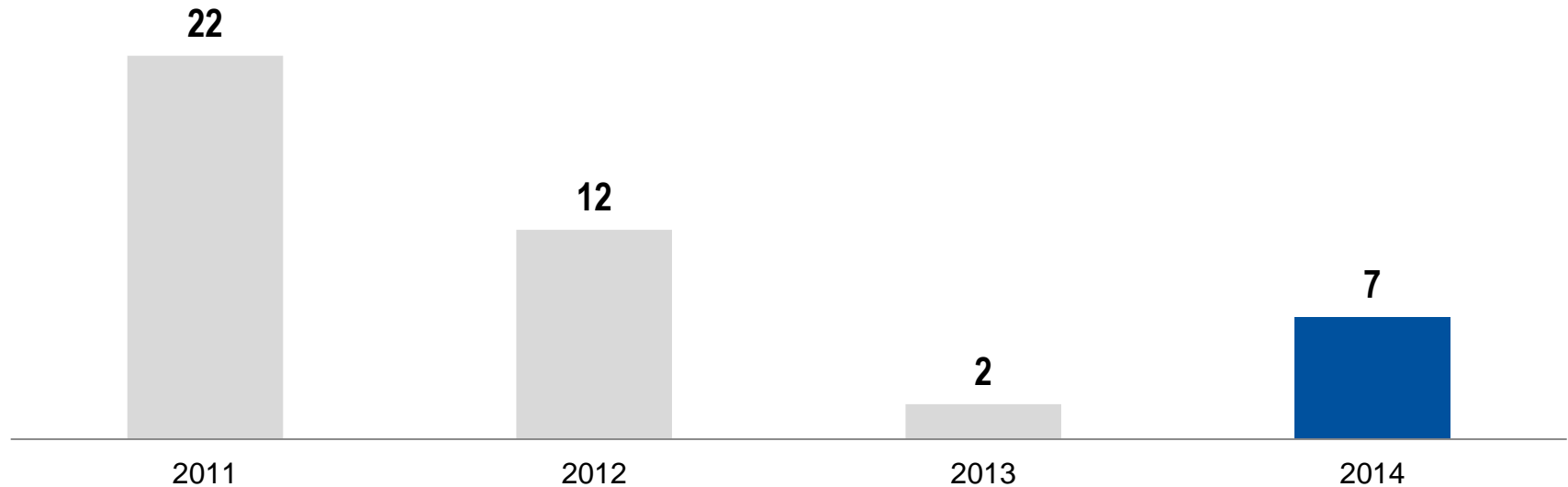
Low Overall Debt and Smooth Redemption Profile

► Debt maturities at December 31, 2014 (Nominal value, in € millions)



Robust Financial Position

► Gearing – Net debt / Equity (in %)



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

Moody's Upgraded Michelin's Long Term Rating

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

- ✓ *The strong market presence with a particularly high focus on the high-price (tier 1) tyre segment and the "Michelin" brand as well as the group's technological leadership help Michelin to charge premium prices for its products. (Moody's – 23 March 2015)*
- ✓ *The stable outlook reflects our expectation that Michelin will be able to (i) achieve an EBITA Margin in the low teens through the cycle; (ii) manage leverage to a level of around 1.75x debt/EBITDA (2.0x per FY 2014) and (iii) generate a positive free cash flow before dividend payments (EUR 226 million). The stable outlook also incorporates that the group will preserve a conservative financial policy and healthy liquidity profile consistent with a A-rated company. (Moody's – 23 March 2015)*



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Outlook

Guidance confirmed

	2015
Volumes	Growth above markets
EBIT before non recurring	Up beyond currency effect
Impact of raw materials*	Around €600m tailwind
Price-mix / Raw materials	Indexed business : negative Non indexed business : neutral
Competitiveness / cost inflation	Neutral over the year
Currency effect on EBIT*	Above €350m
Structural FCF	Above €700m
Capital expenditure	Around €1,800m
ROCE	More than 11%

* Based on July 2015 assumptions

Passenger car Tire Market: Favorable Market Trends Supportive to the Group's Regional Footprint

August 2015 / 2014

Market	Europe* (excluding Russia&CIS)	North America	Brazil	China
Original equipment tires	▲ +15%	▲ +6%	▼ -14%	▼ -4%
Replacement tires	▲ +4%	▲ +2%	▲ +2%	▲ +10%

YTD (August 2015)

Market	Europe* (excluding Russia&CIS)	North America	Brazil	China
Original equipment tires	▲ +5%	▲ +4%	▼ -14%	▲ +2%
Replacement tires	▲ +4%	▲ +1%	▲ 3%	▲ +8%

* Turkey included



Truck Tire Market: Strong Momentum In Mature Countries Favorable to the Group

August 2015 / 2014

Market (Radial + Bias)	Europe* (excluding Russia&CIS)	North America	Brazil
Original equipment tires	▲ +11%	▲ +4%	▼ -45%
Replacement tires	▲ +13%	▲ 0%	▼ -5%

YTD (August 2015)

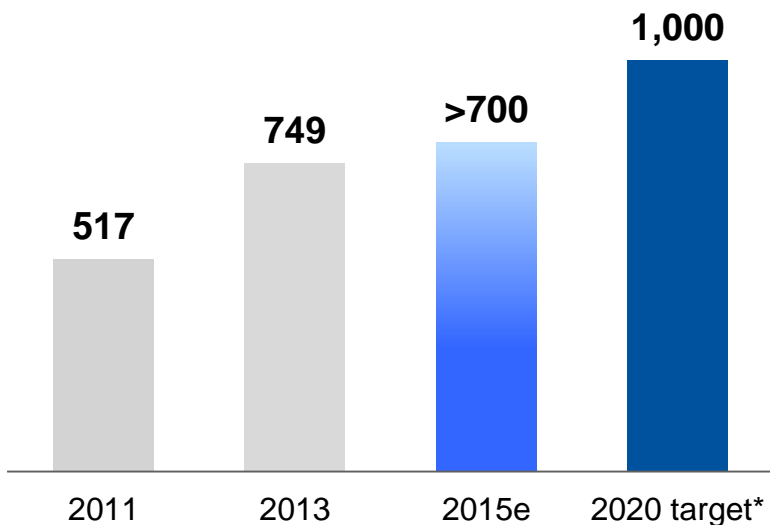
Market (Radial + Bias)	Europe* (excluding Russia&CIS)	North America	Brazil
Original equipment tires	▲ +10%	▲ +13%	▼ -46%
Replacement tires	▲ +8%	▲ +4%	▼ -8%

* Turkey included

An ambitious value creation target for 2020

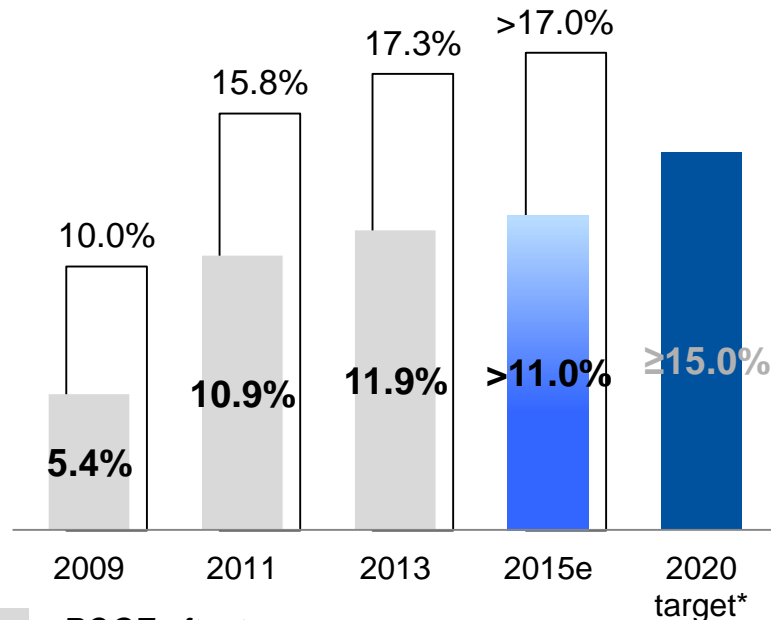
- ▶ Deliver a structural €1billion Free Cash Flow from 2020*

(in millions €)



* At constant scope of consolidation

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



ROCE after taxes
 ROCE before taxes

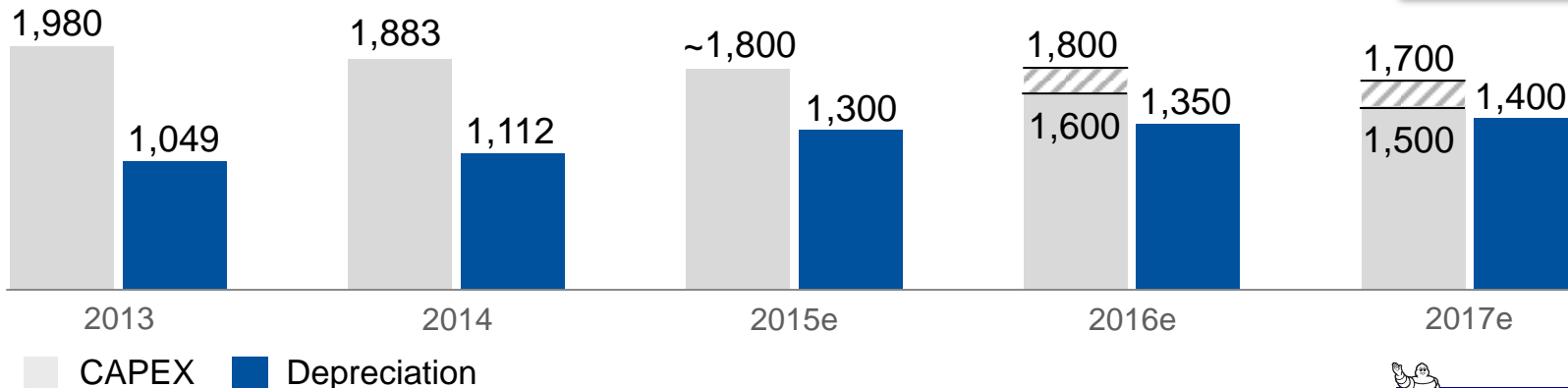
Invest to create value

► 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

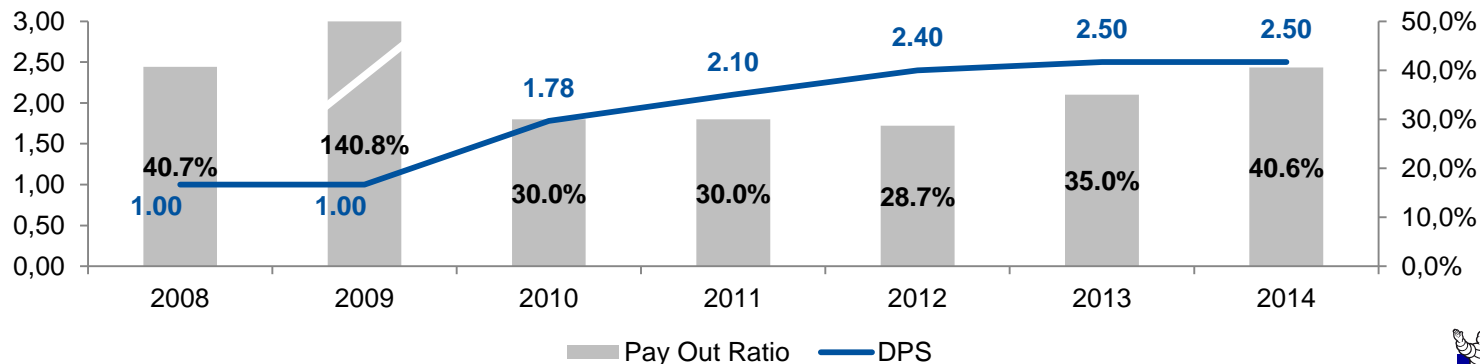
► €750m share buyback plan

- First tranche of €250m completed as of July 31

– Number of shares repurchased:	2,641,094
– Purchase cost:	€250m
– Weighted average price:	€94.70

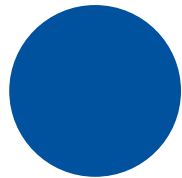
- Second €200m tranche to be completed at December-end 2015

► Pay-out target: at least 35% of Group Net Income (excluding non recurring costs)



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Appendices

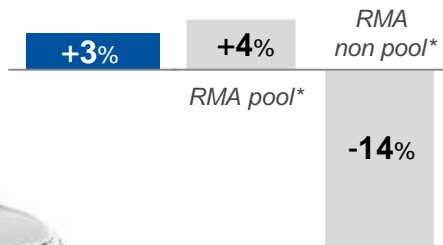


Passenger car and Light truck tires: markets up in mature countries and in China, demand down in the other new markets

▶ Markets in first-half 2015/2014

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

North America

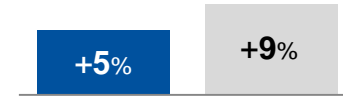


* RMA pool : Rubber Manufacturers Association members

Europe excluding Russia



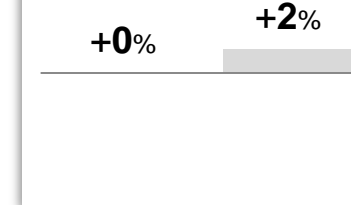
China



New markets excluding China



GLOBAL MARKET



Source : Michelin

■ OE

■ RT

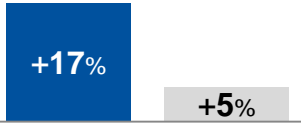
Truck tires: global market down, with growth in mature countries and in India, but demand down in the other new markets

▶ Markets in first-half 2015/2014

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



North America



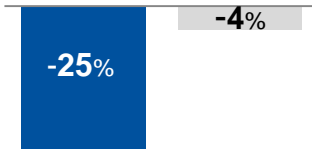
Europe excluding Russia



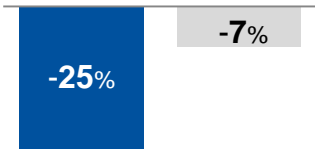
Africa India and Middle East



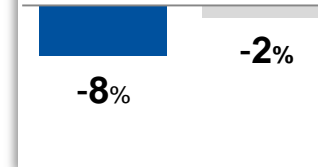
China



New markets excluding China and AIM



GLOBAL MARKET



Source : Michelin

■ OE

■ RT

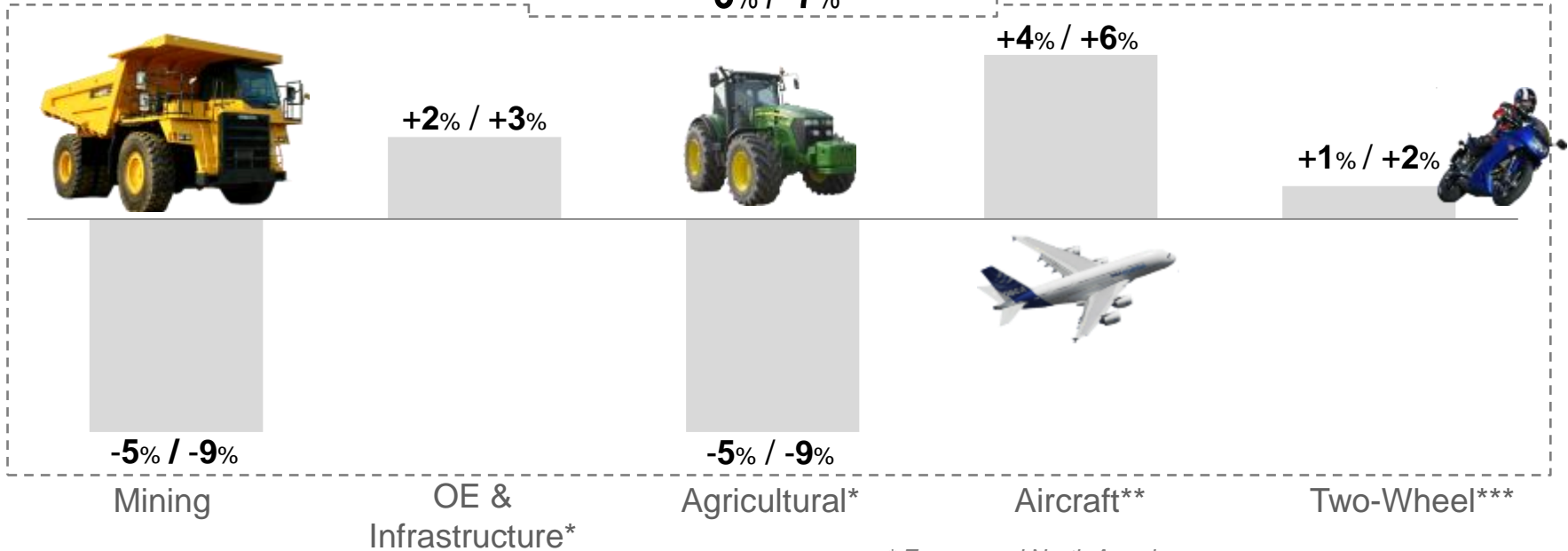


Specialty markets: 2015 outlook still low in the Mining and Agricultural markets, with slight growth expected in other segments

► FY 2015e / FY 2014 in tons

Weighted Specialty tire markets

-3% / -7%



Source : Michelin

* Europe and North America

** Commercial aircraft

*** Motorcycle Europe, USA, Japan



First-half 2015 and 2014 financial highlights as reported

<i>In € millions</i>	H1 2015	H1 2014
Net sales	10,497	9,673
Operating income <i>(before non-recurring items)</i>	1,262	1,159
Operating margin <i>(before non-recurring items)</i>	12%	12%
Non-recurring items	-17	-87
Net income	707	624
Earnings per share <i>(in €)</i>	3.79	3.34
Capital expenditure <i>(excluding acquisitions)</i>	632	703
Free cash flow* <i>(excluding acquisitions)</i>	-100	-232
Gearing	18%	9%
Employee benefit obligations	4,780	4,025

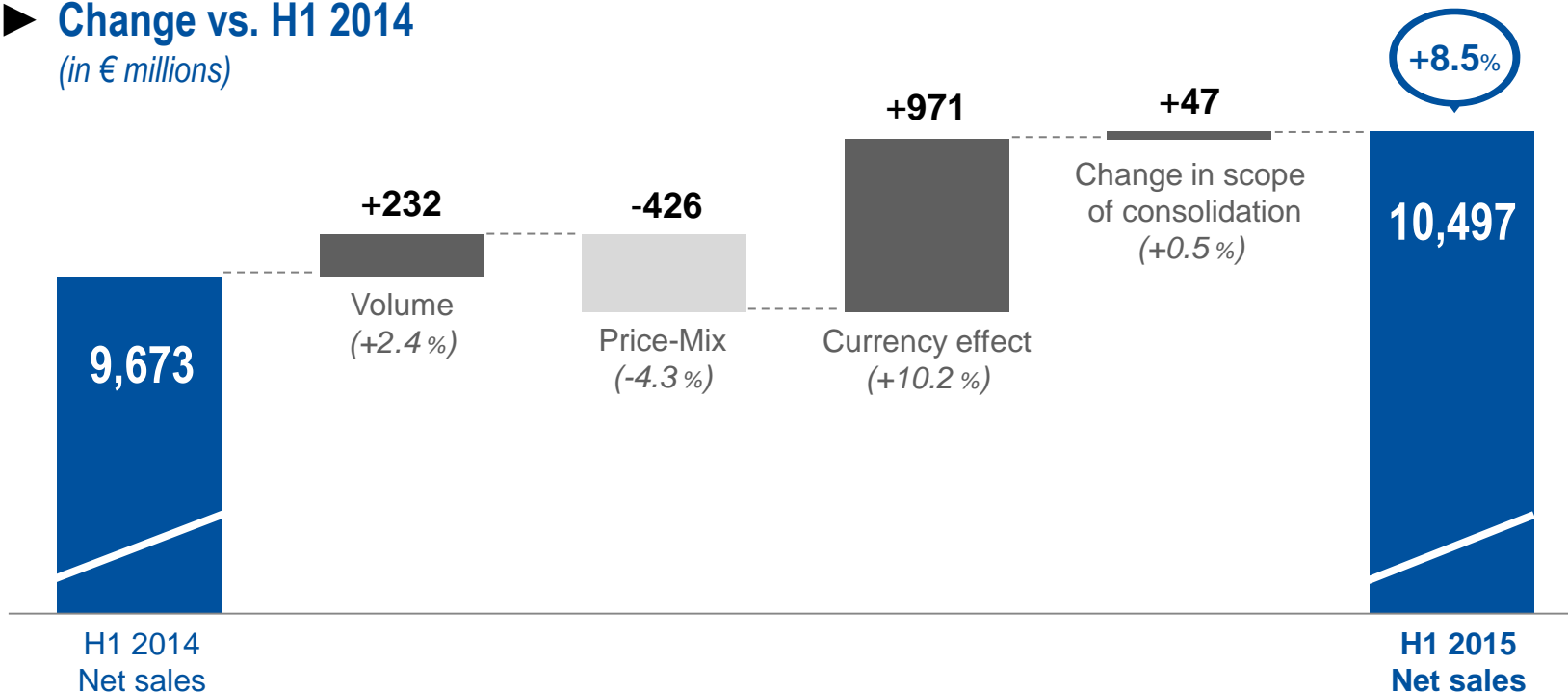
*Cash flows from operating activities less cash flows used in investing activities before acquisition

H1 2015: Robust growth and improved free cash flow

- Volume up 2.4% off of high prior-year comparatives:
 - Passenger car/Light truck tire sales clearly outpaced the market
 - Truck tire and Specialty business volumes were slightly better than their markets
 - Growth gained momentum from quarter to quarter on uneven markets
- A quarter-on-quarter improvement in the price-mix
 - As expected, changes in the price-mix and raw materials prices had a net negative effect, reflecting in particular:
 - Contractual price adjustments under raw materials-based indexation clauses
 - Managed price adjustments
- Free cash flow before acquisitions was a negative €100m, an improvement of €132m that is in line with the Group's new full-year target

Net sales: above-market growth in volumes

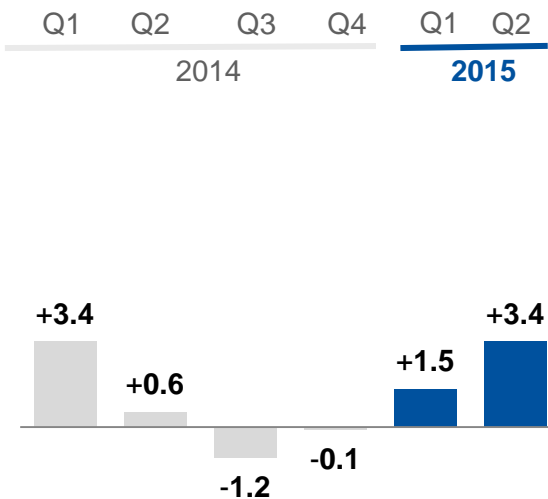
► Change vs. H1 2014 (in € millions)



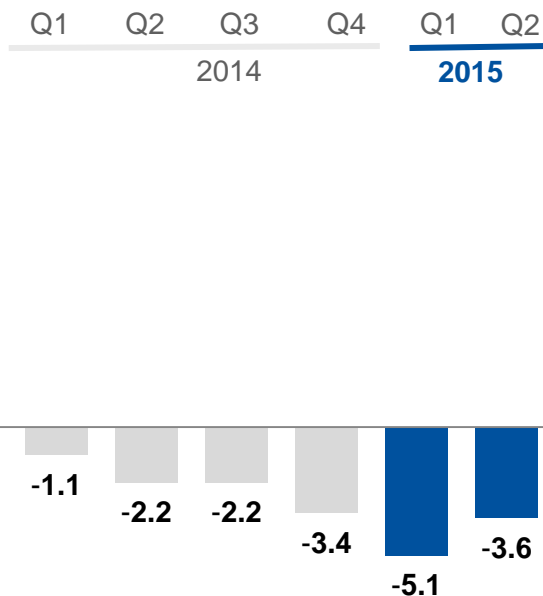
As expected, volumes and the price mix improved quarter to quarter

▶ YoY change in %

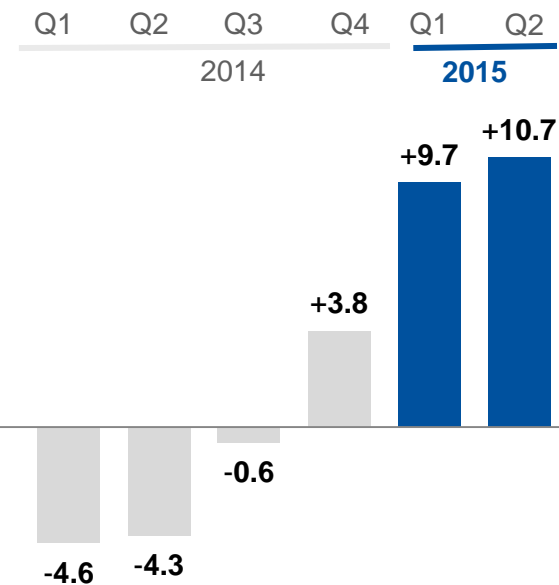
▶ Volumes



▶ Price-mix

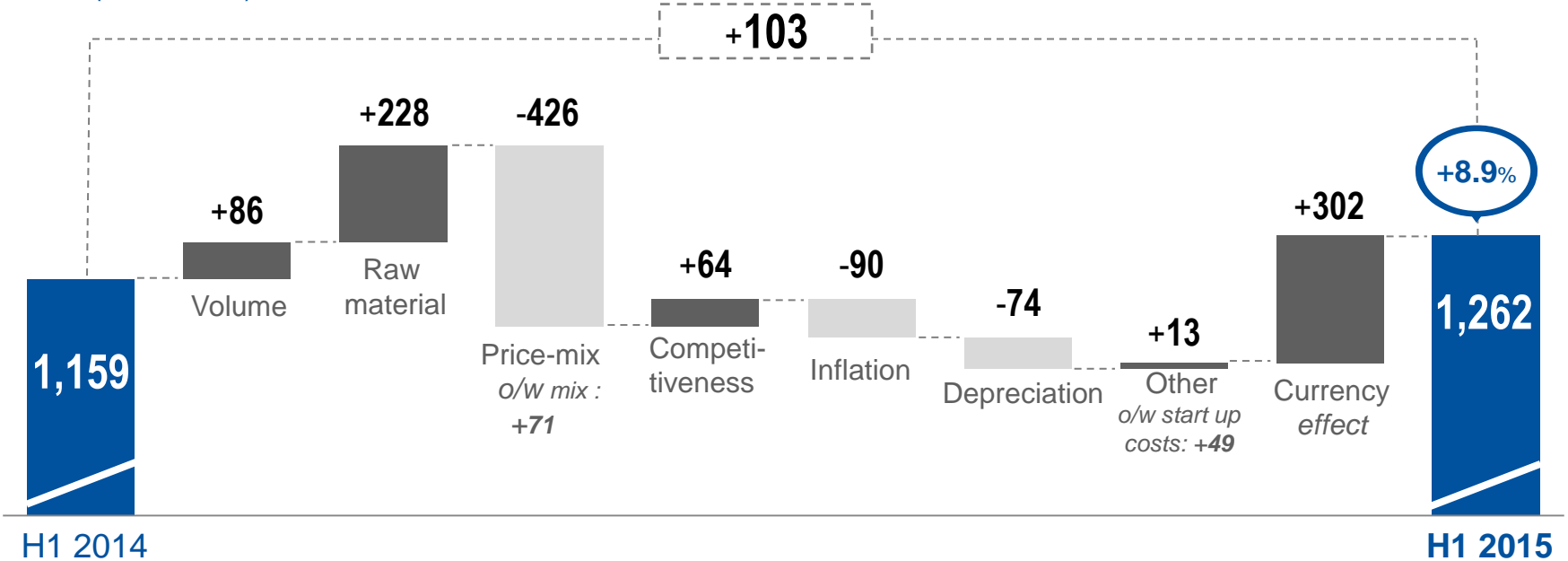


▶ Currency effect



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

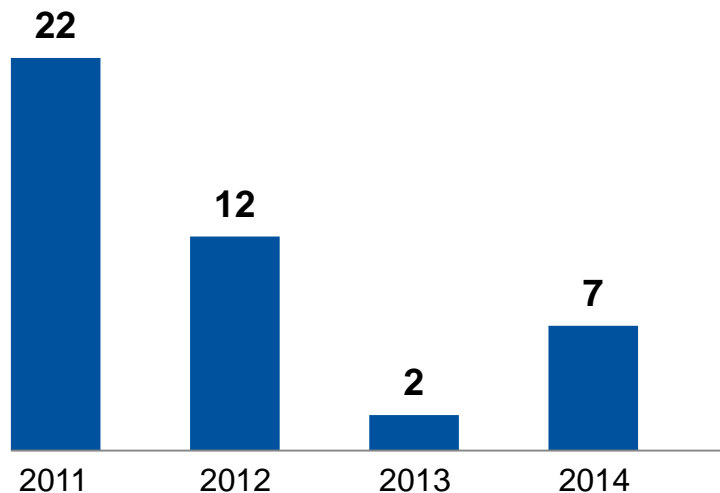
► Change vs. H1 2014 (in € millions)



Financial structure still robust after acquisitions

► Gearing – Net debt/Equity

(as a %)



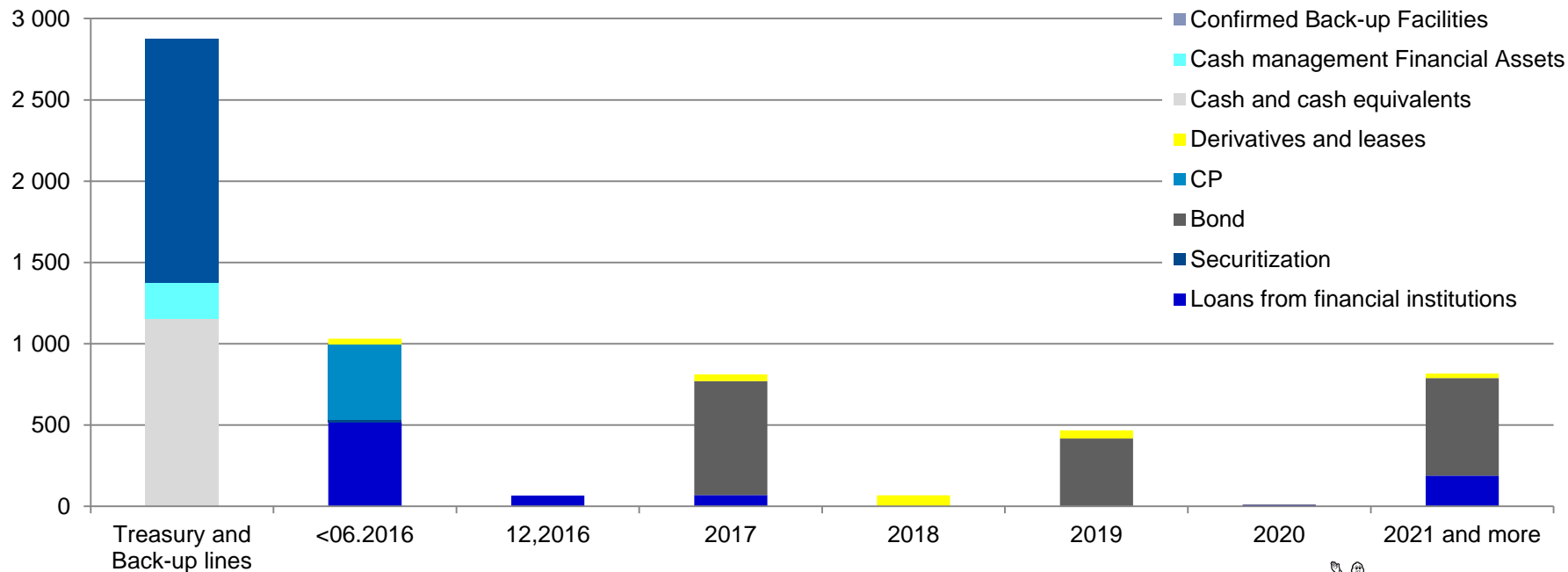
► Debt rating

		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 with a 7% gearing at end 2014

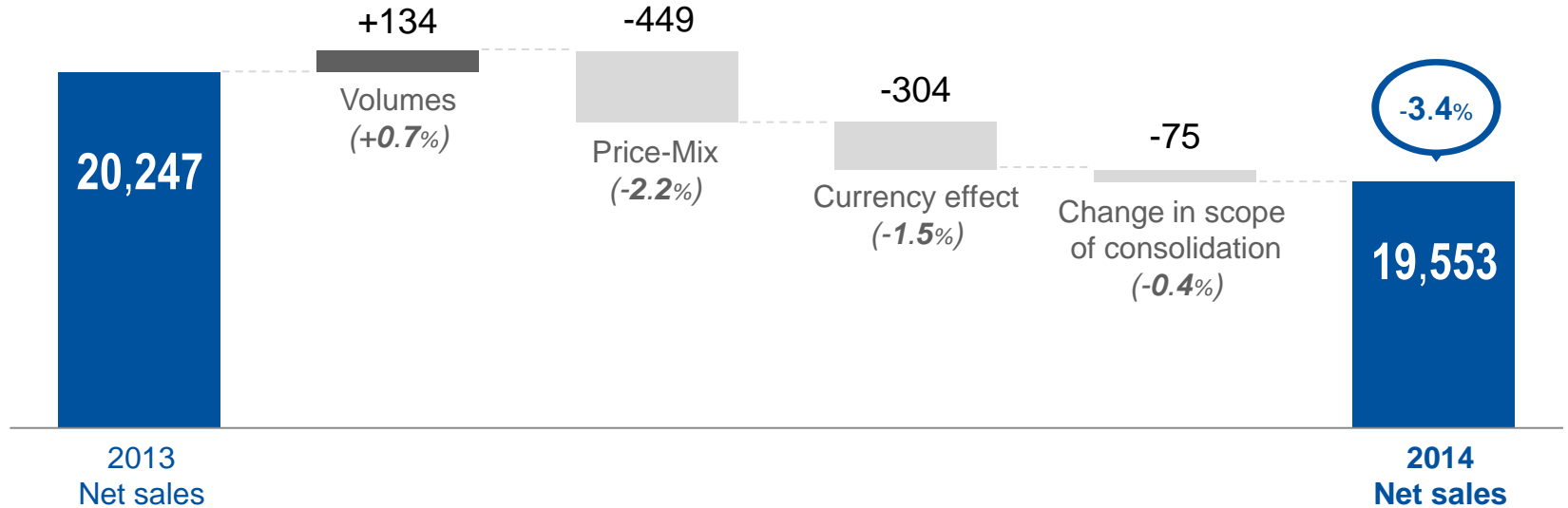
▶ Debt maturities at June 30, 2015

(Nominal value, in € millions)



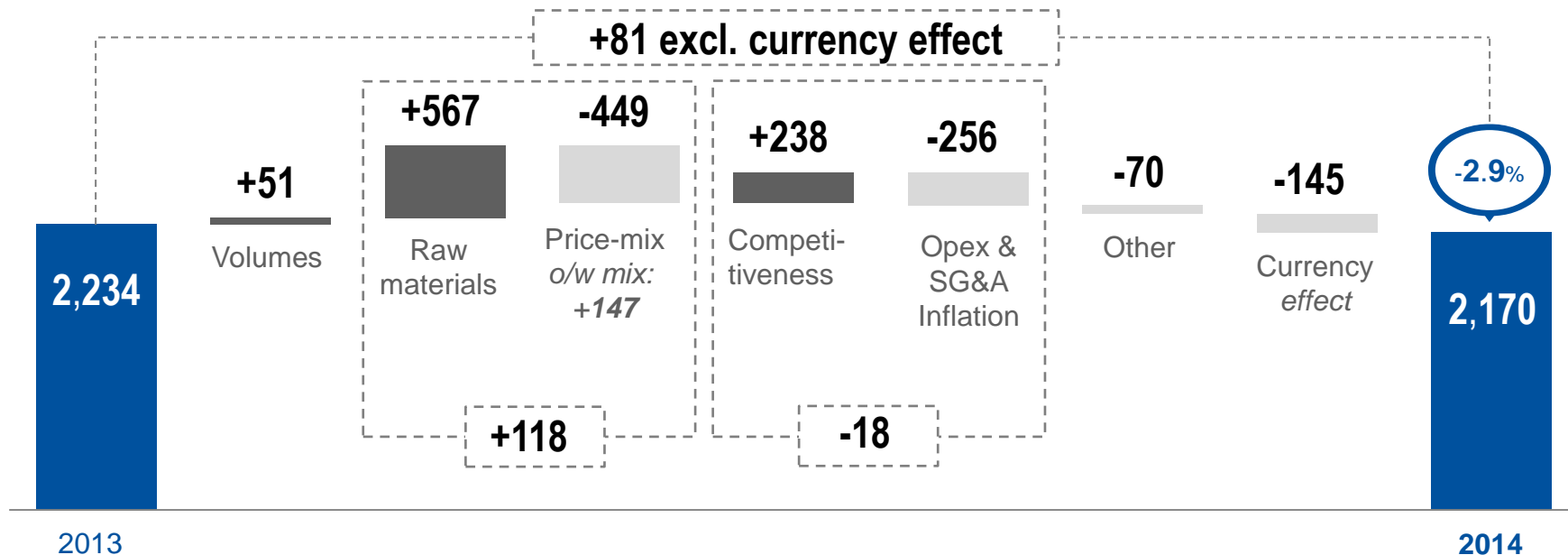
Net sales: slightly higher unit sales

► YoY change (in € millions)



Operating income before NR up by €81m before currency effect: effective price-mix vs. raw materials management and good cost discipline, as expected

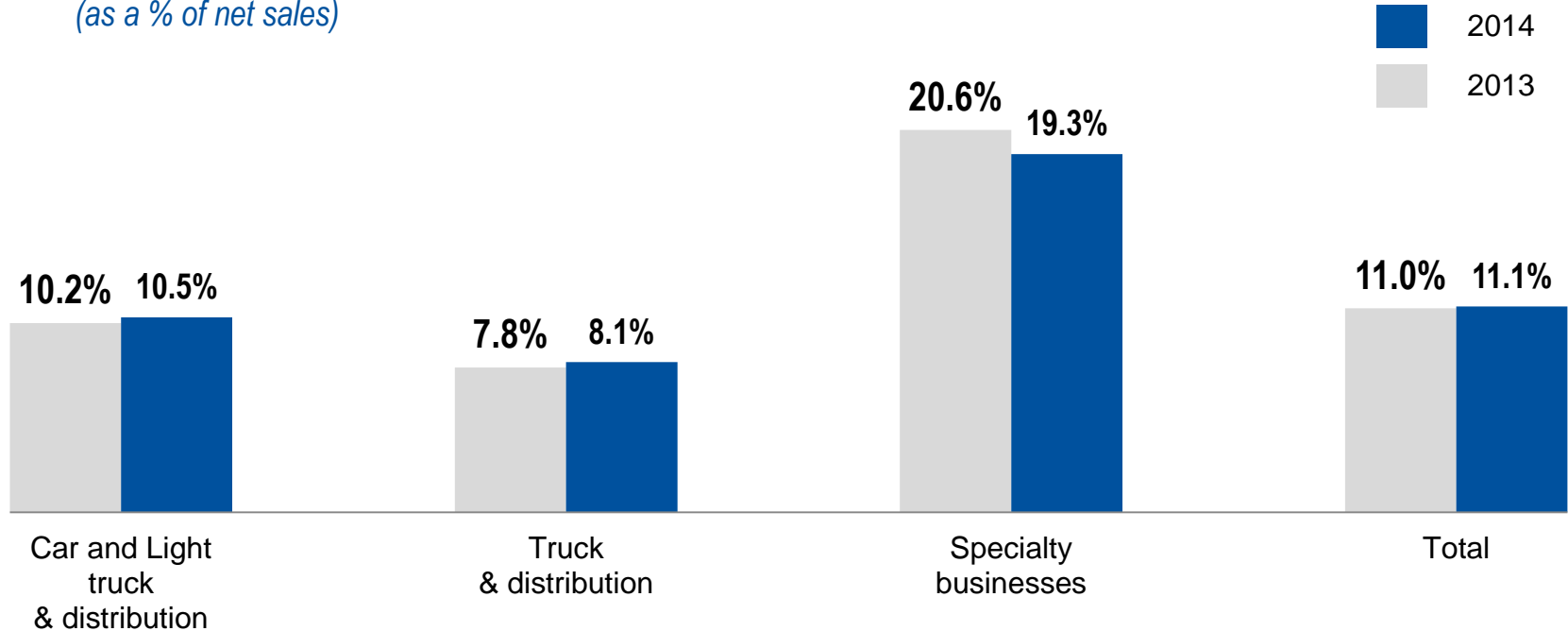
► YoY change (in € millions)



Operating margin by reporting segment in line with objectives

▶ Operating margin before non-recurring items

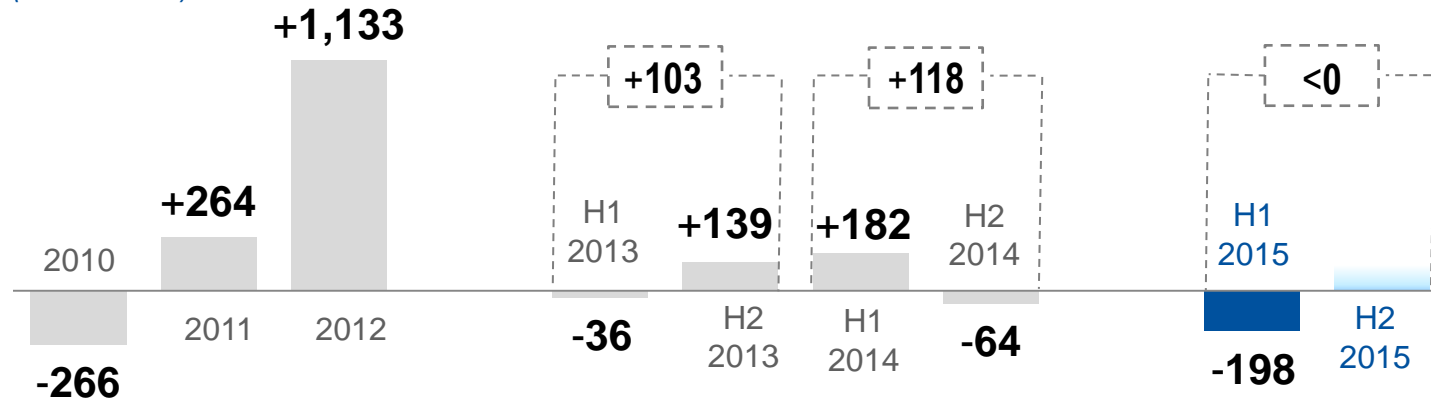
(as a % of net sales)



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)

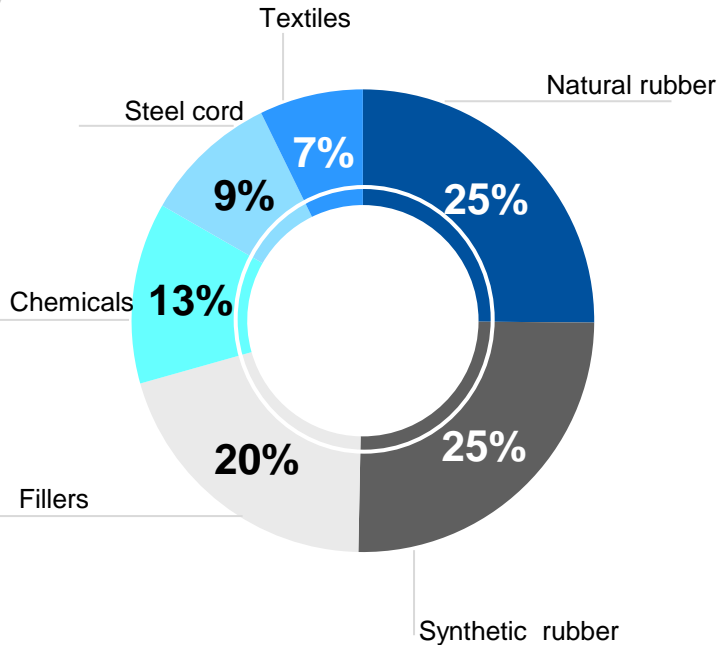


- Indexation clauses represented a third of the price effect in H1 2015
- Positive raw material price impact of €600m expected over full-year 2015 based on past price trends, after €228m in the first half
- Price increases of 3% announced in Europe for Passenger car, Light truck, Truck and Agricultural tires in H2 2015

Raw materials and price trends in H1 2015

Raw material purchases in H1 2015

(€2,414m)

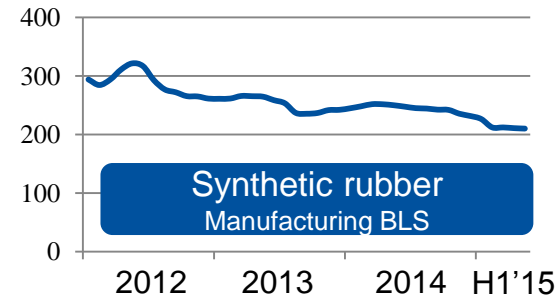
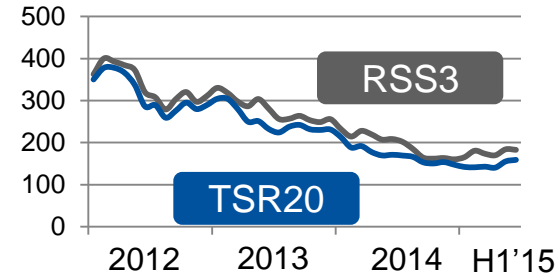
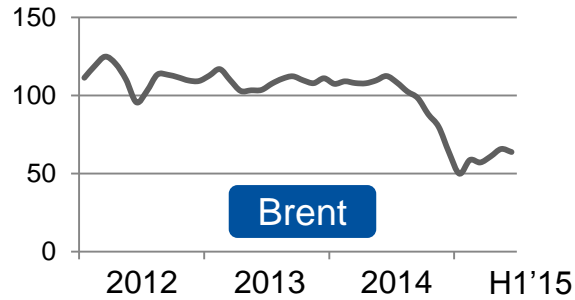


Exchange rate €/€ :

Average H1'14 : 1.37

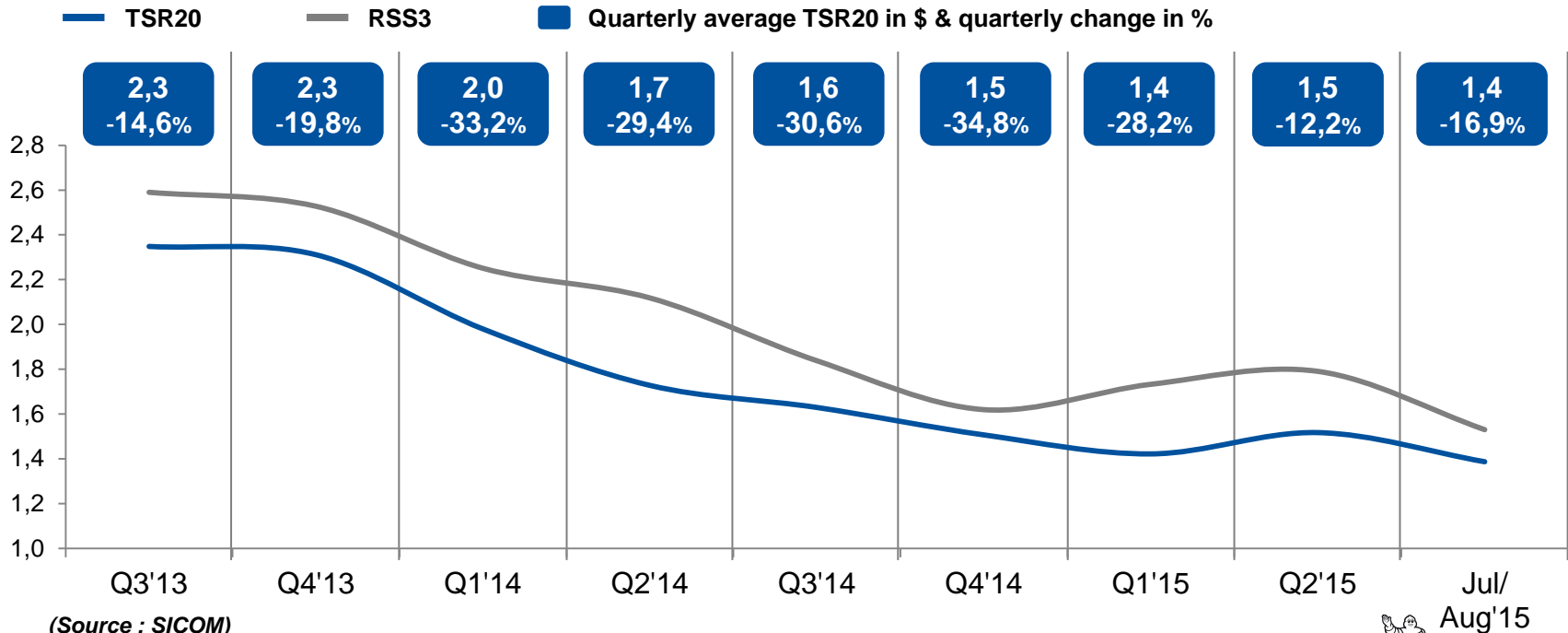
-18%

Average H1'15 : 1.12



Natural Rubber price (USD/kg)

► At end of August 2015

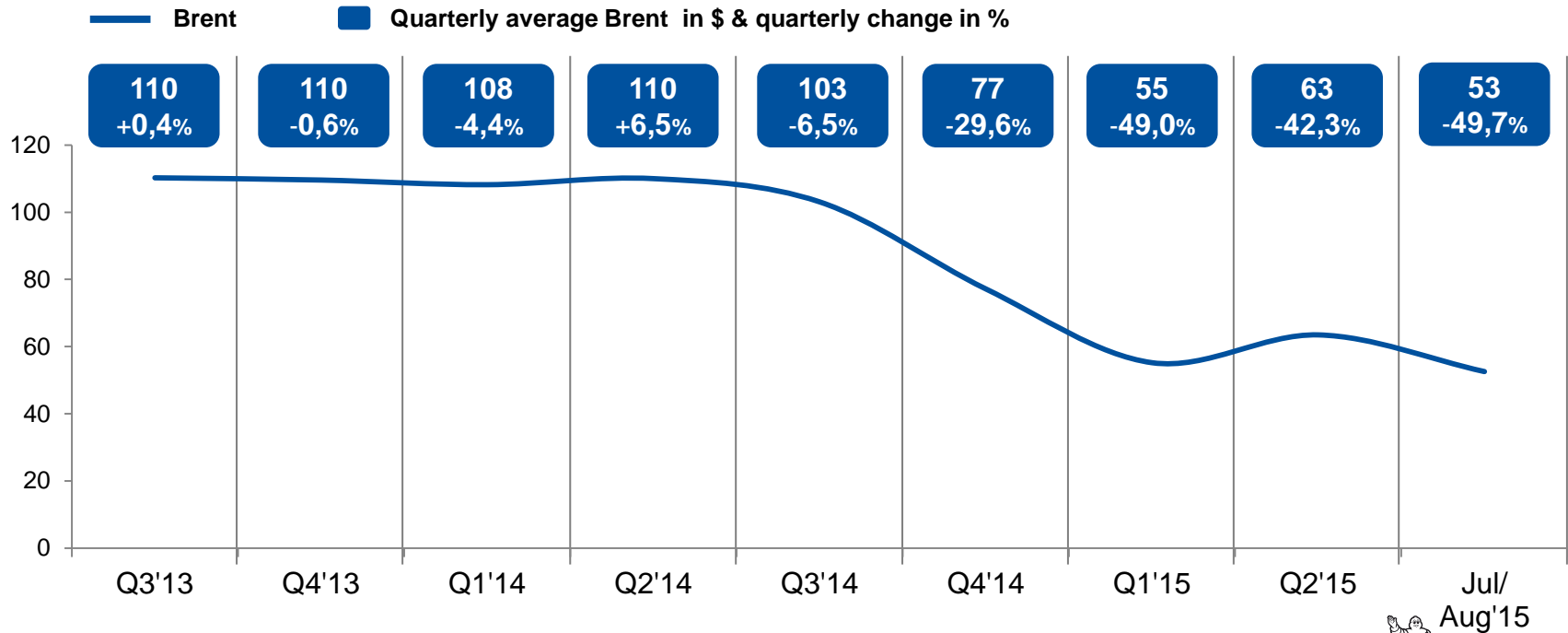


(Source : SICOM)



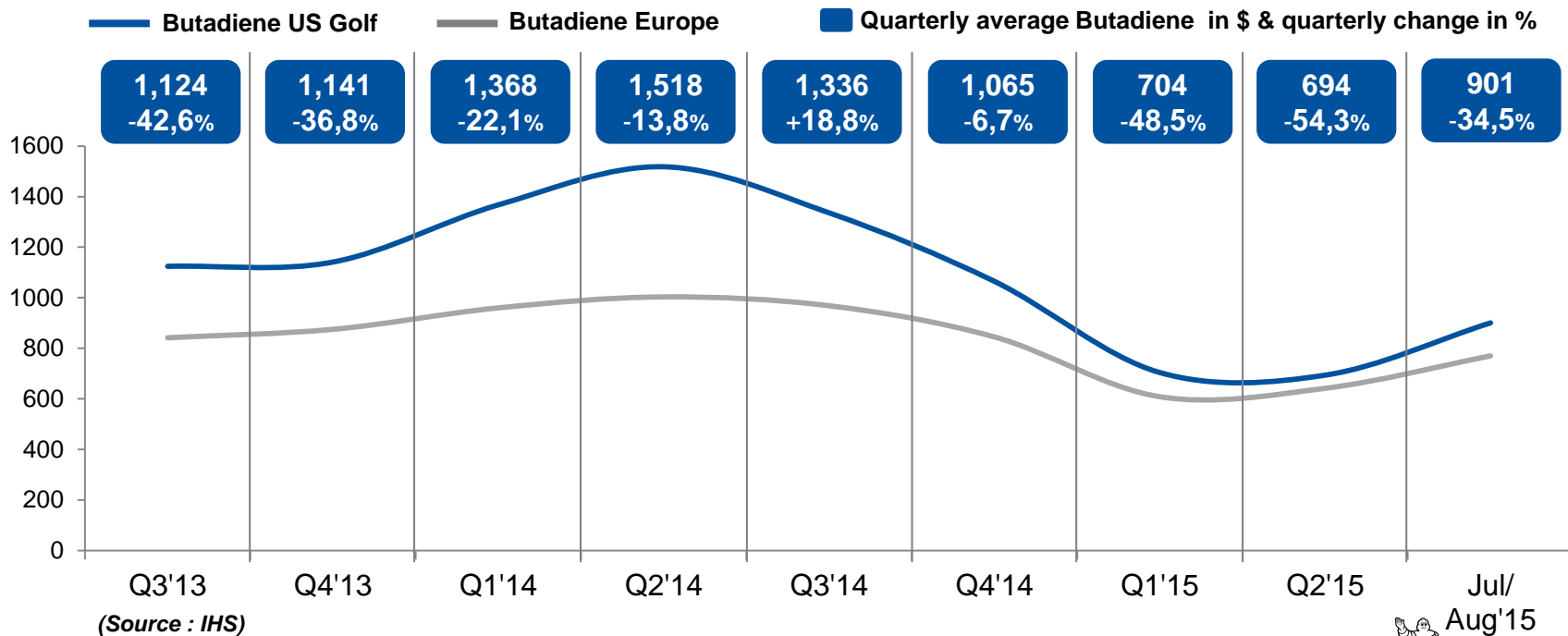
Brent Price (USD/barrel)

► At end of August 2015



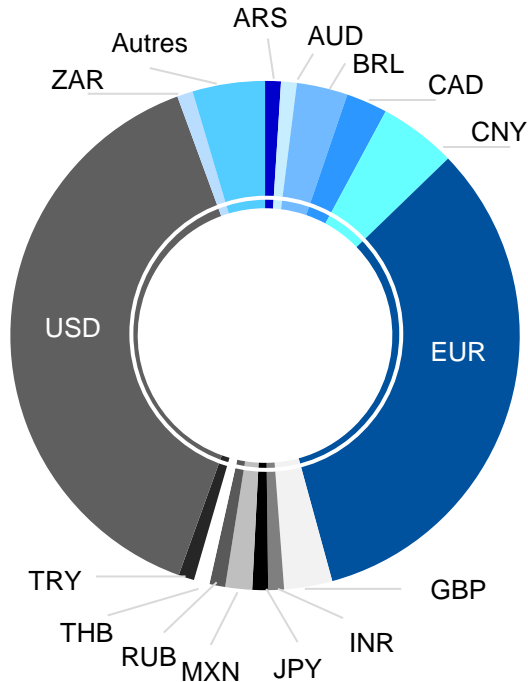
Butadiene Price (USD/t, EUR/t)

► At end of August 2015



2015 guidance: estimated positive currency effect of over €350m on EBIT

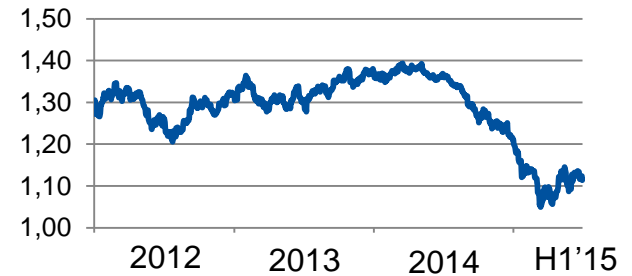
► Breakdown of H1 2015 net sales by currency



% 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%
Autres	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 – 06/2015



Source : Thomson One

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