



Frankfurt, IAA Cars Conference

Deutsche Bank

September 16, 2015



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)



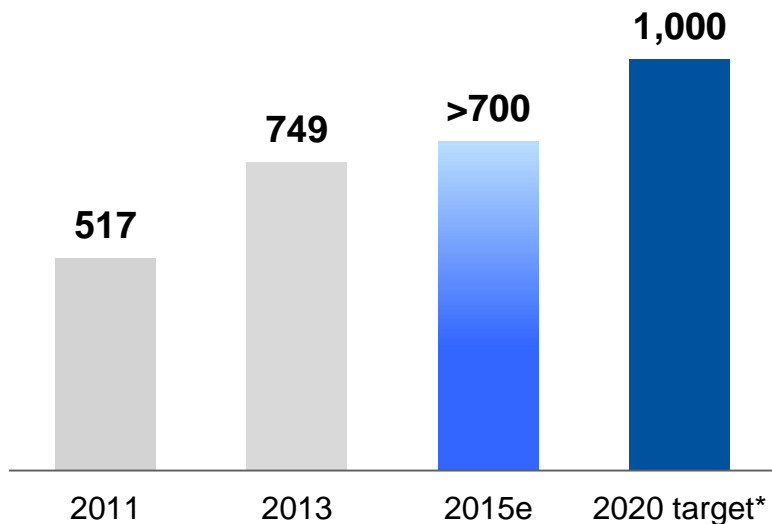
**Dow Jones
Sustainability Indexes**



An ambitious value creation target

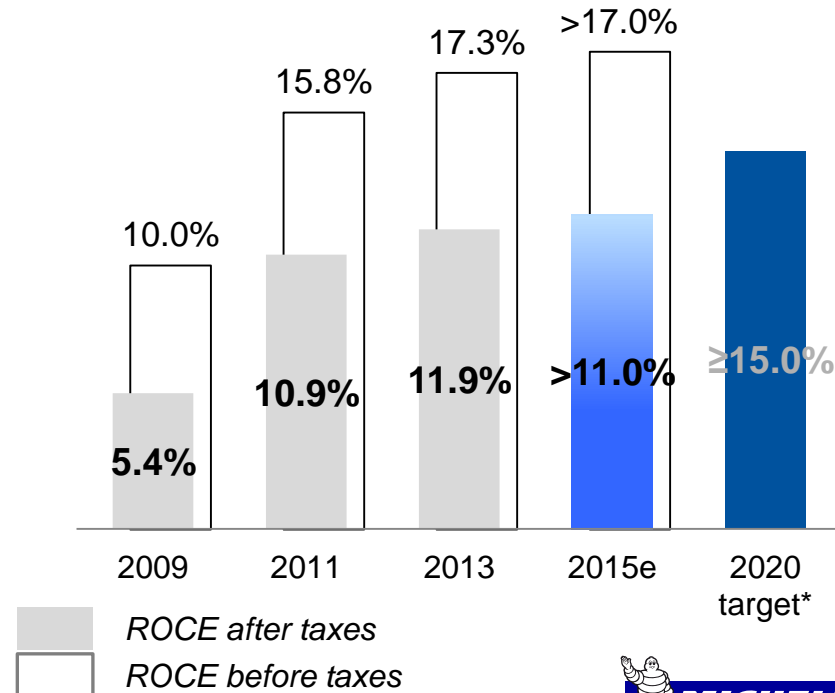
- ▶ Deliver a structural €1 billion Free Cash Flow from 2020*

(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

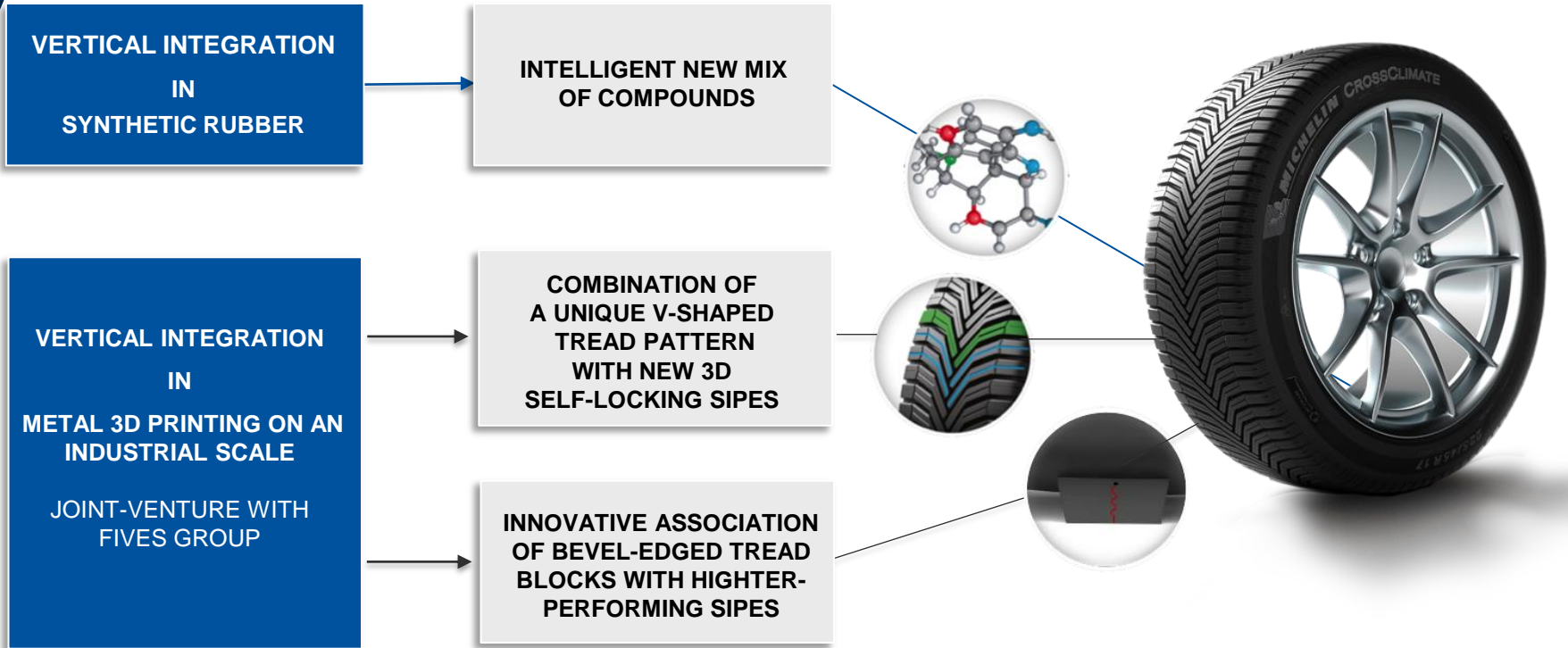
- Mission:
 - Define Group's innovation strategy to serve its growth
 - Govern the innovation dynamics in line with the strategy
- Achievements:
 - Speeding up innovation at Michelin Brand
 - Advanced marketing teams to ensure profitable go to market
- Mobility initiatives :
 - Tweel: successful incubator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



LULI INFORMATION
TECHNOLOGY

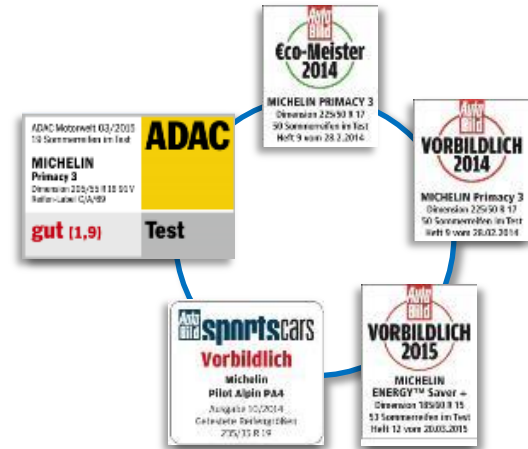


CrossClimate incorporates all latest technology and process innovations

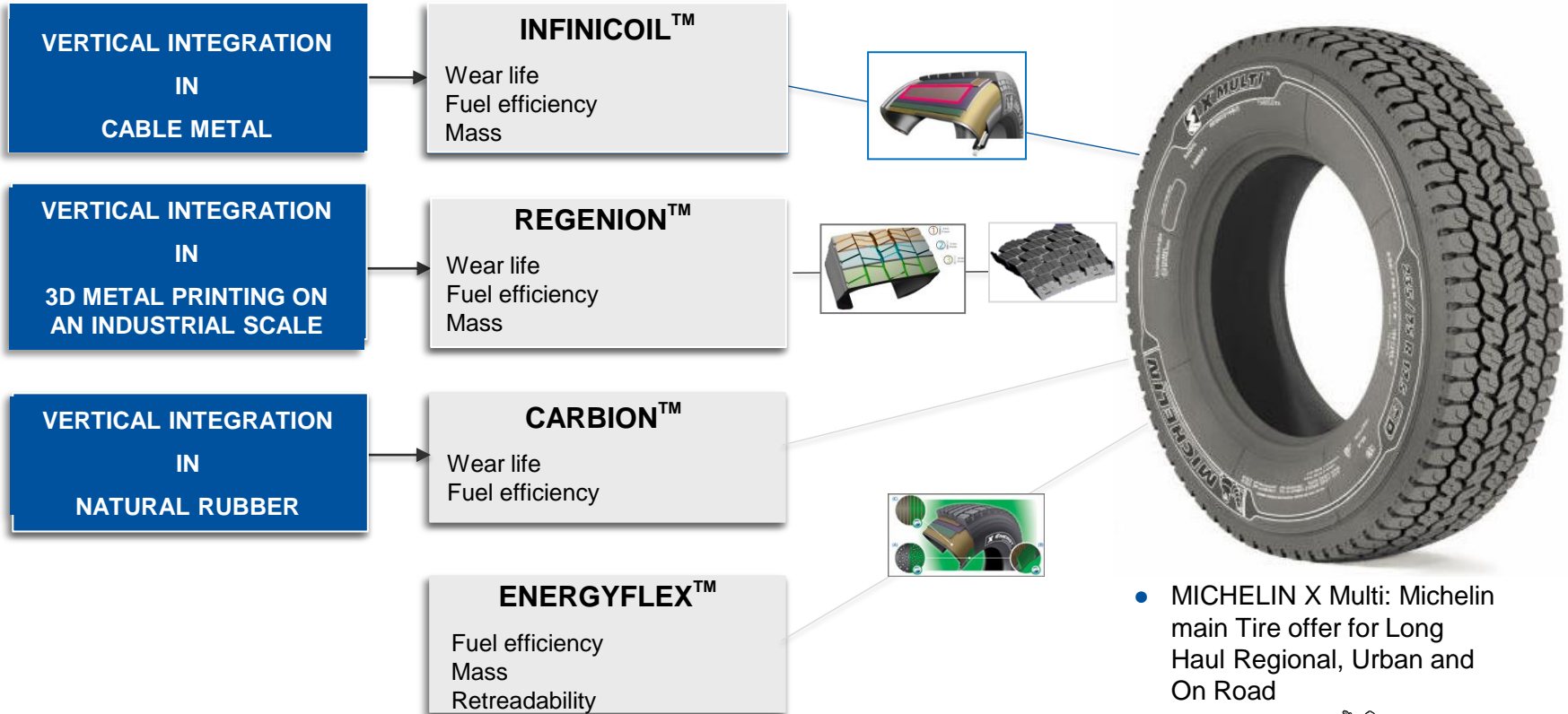


Innovations acknowledged by customers

- 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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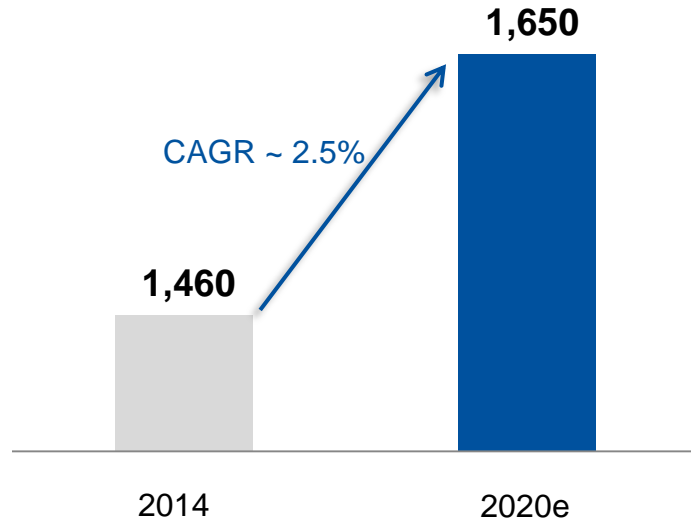
1

Activating Group Levers

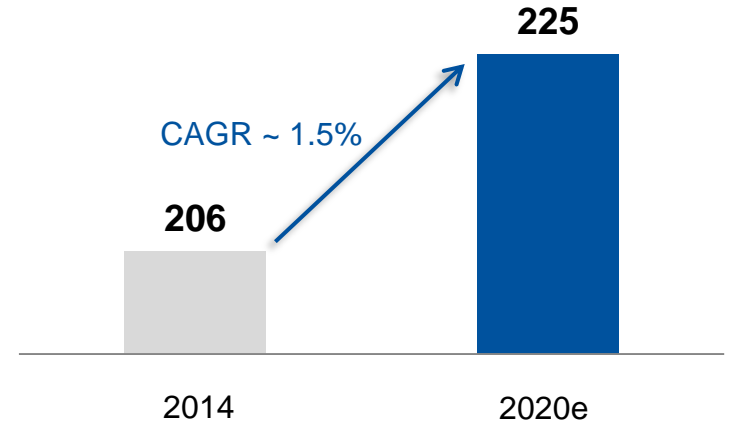
- Capturing Growth

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)*

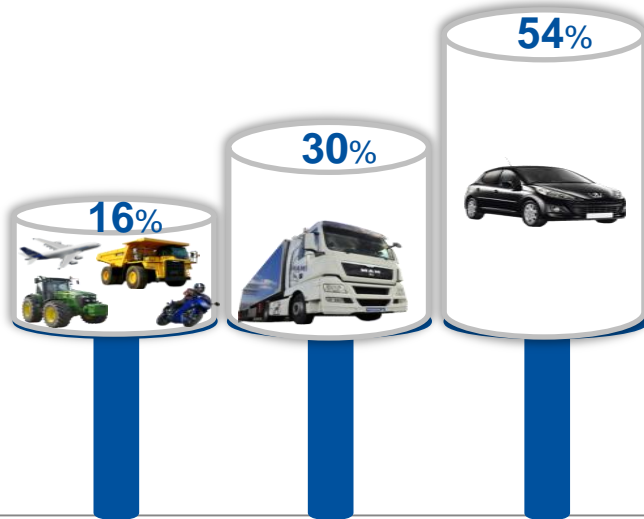


Source: Michelin

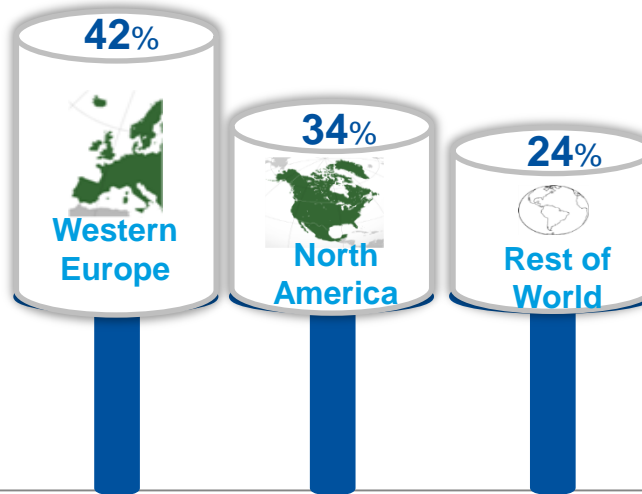
Natural hedging through a balanced geographic and product mix

► Breakdown of Group net sales

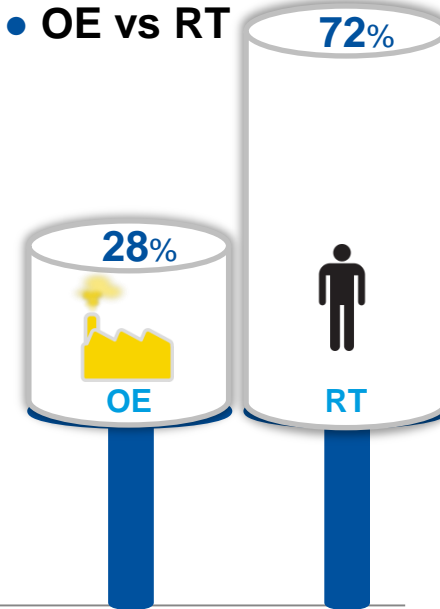
• Segment reports



• Geographical regions



• OE vs RT

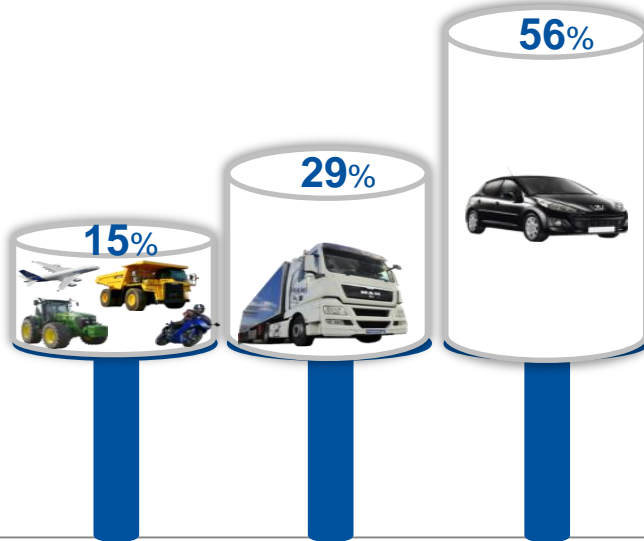


Percentage contribution of each segment/region to total H1 2014 consolidated net sales

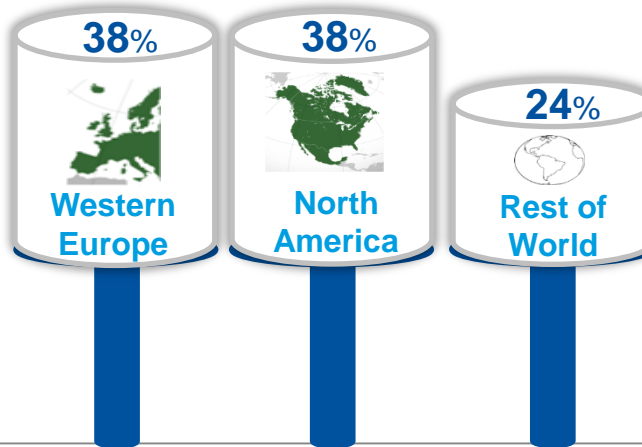
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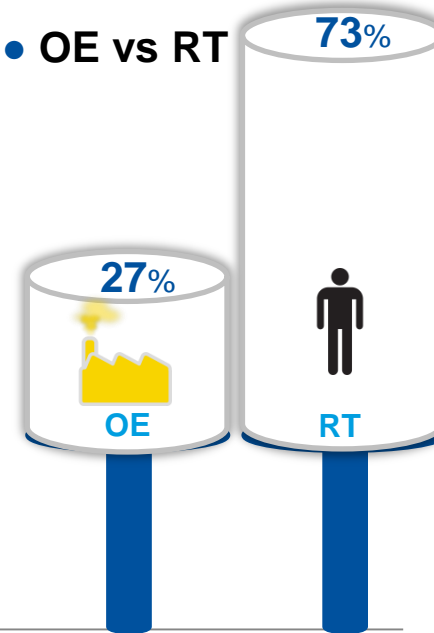
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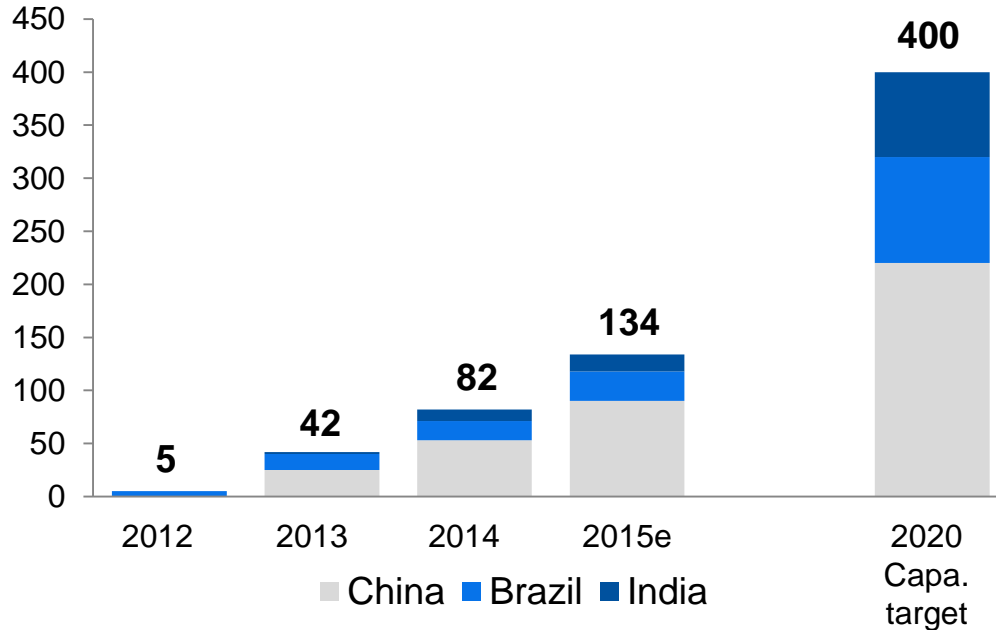
• OE vs RT



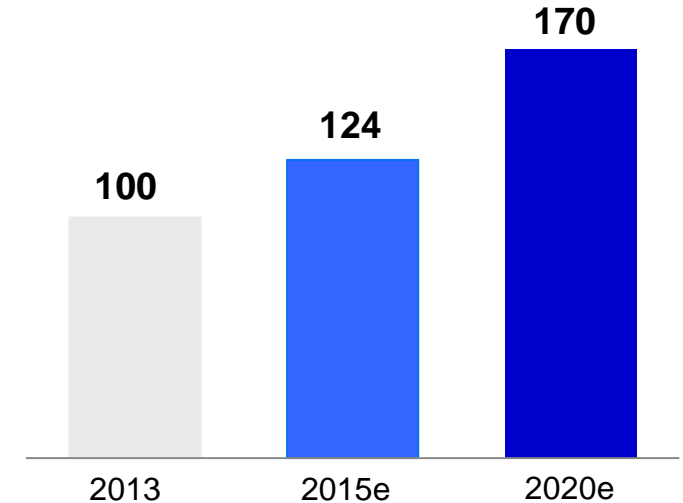
Percentage contribution of each segment/region to total H1 2015 consolidated net sales

Production ramp up on schedule to foster volume growth

▶ Ramp up in new greenfield plants (in kt)

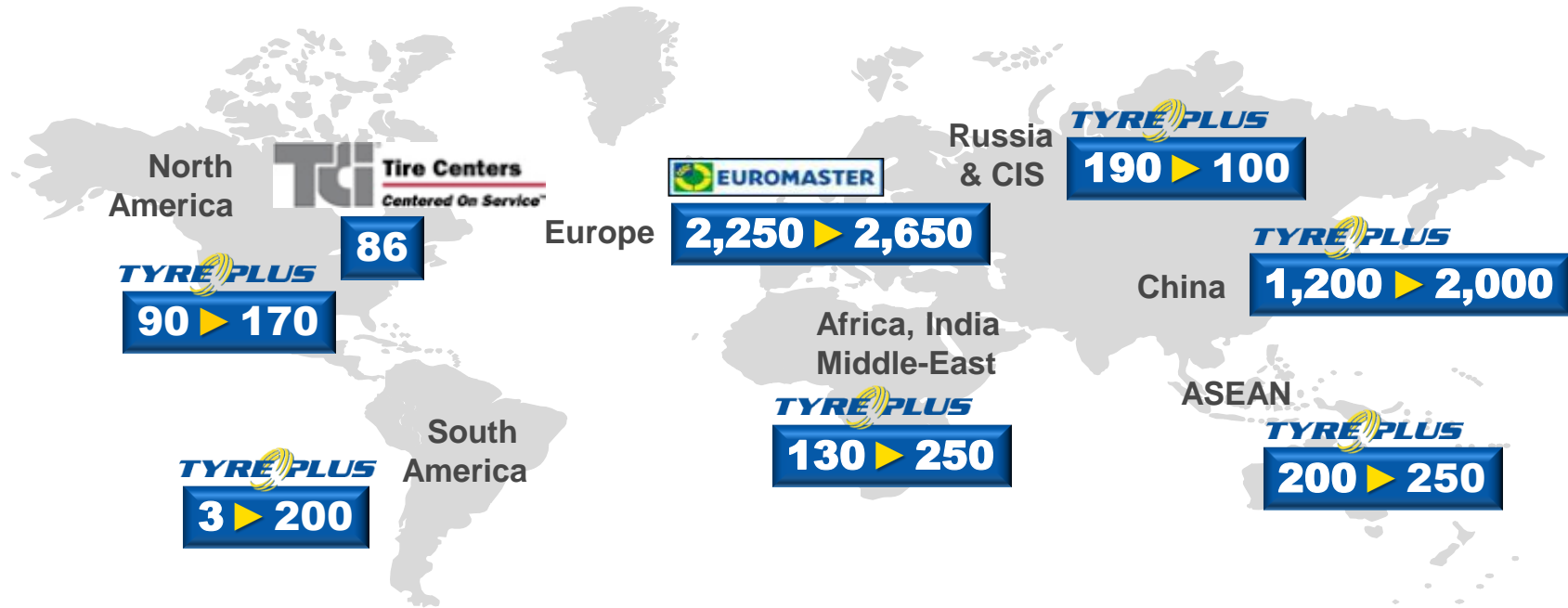


▶ Group > 17" capacity (base 100, in million of tires, MICHELIN brand)



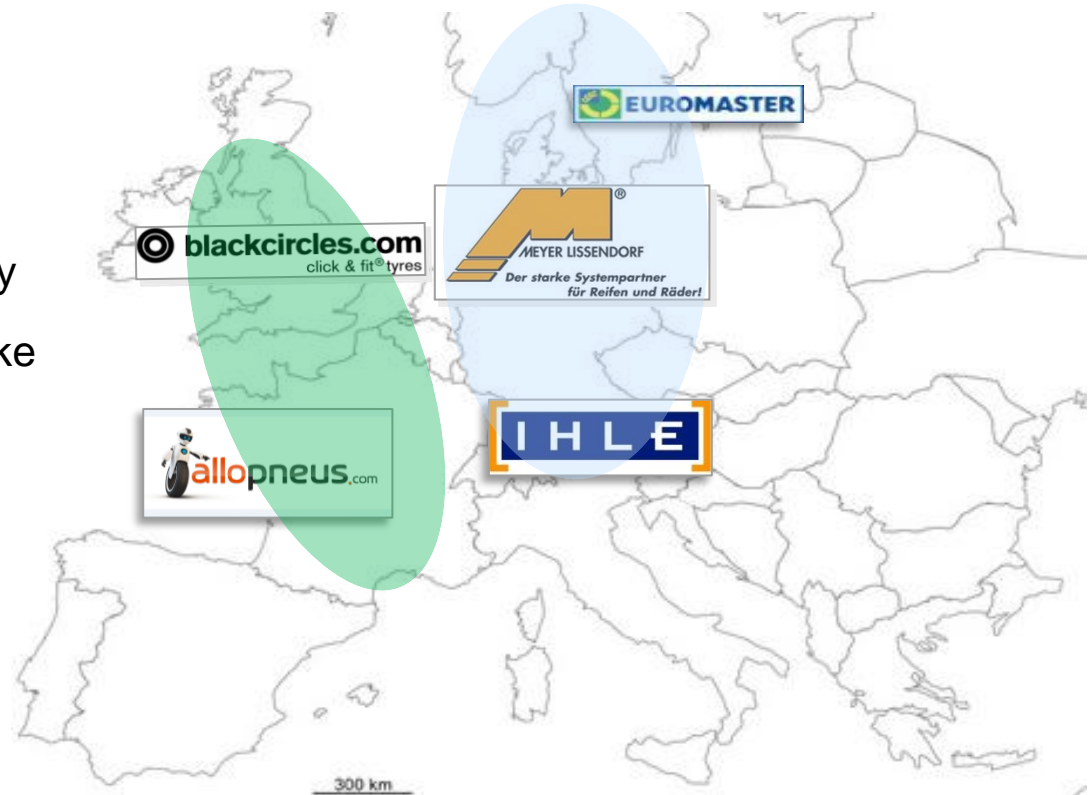
A Vast Network of Integrated and Franchised Dealers

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

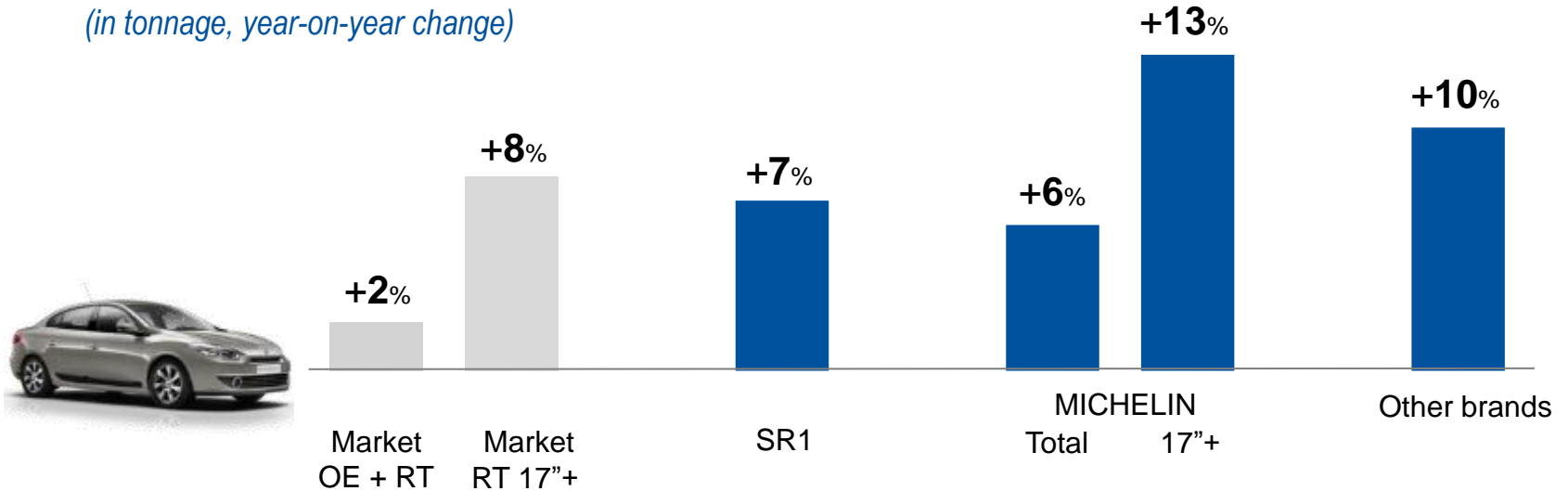


TWEEL

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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1

Activating Group Levers

- Competitiveness

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

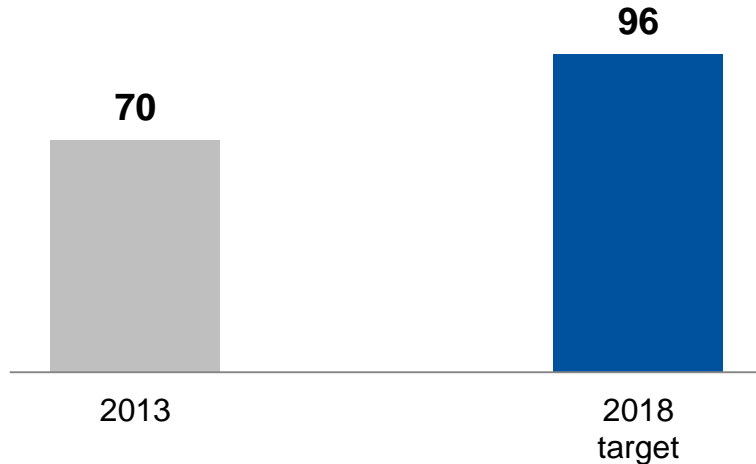
	SG&A	Materials	Manufacturing & Transports	Total
Objective*	-€300m / -€400m	-€200m / -€300m	-€600m / -€700m	-€1,200m
Achieved**	-€315m	-€119m	-€333m	-€767m
To come	Around -€100m	Around -€100m	Around -€300m	Around -€500m
Enablers	<ul style="list-style-type: none"> • Efficiency program • OPE • Shared Service 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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1

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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2

Guidance confirmed

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

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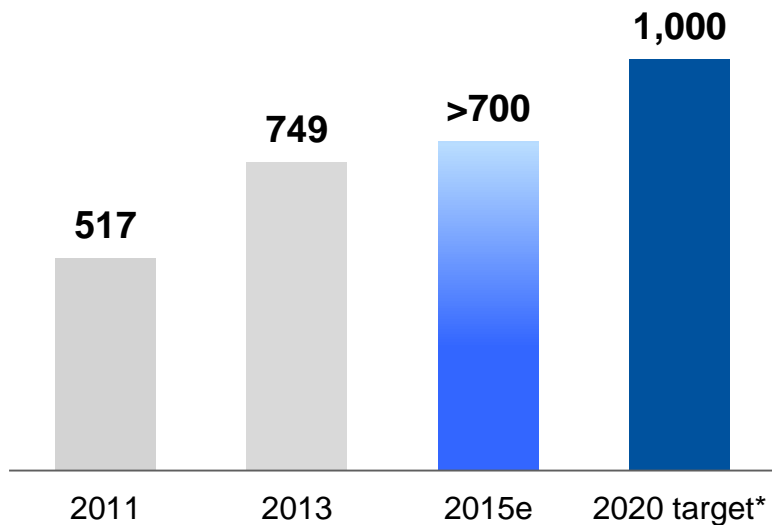
3

Shareholders commitment

An ambitious value creation target

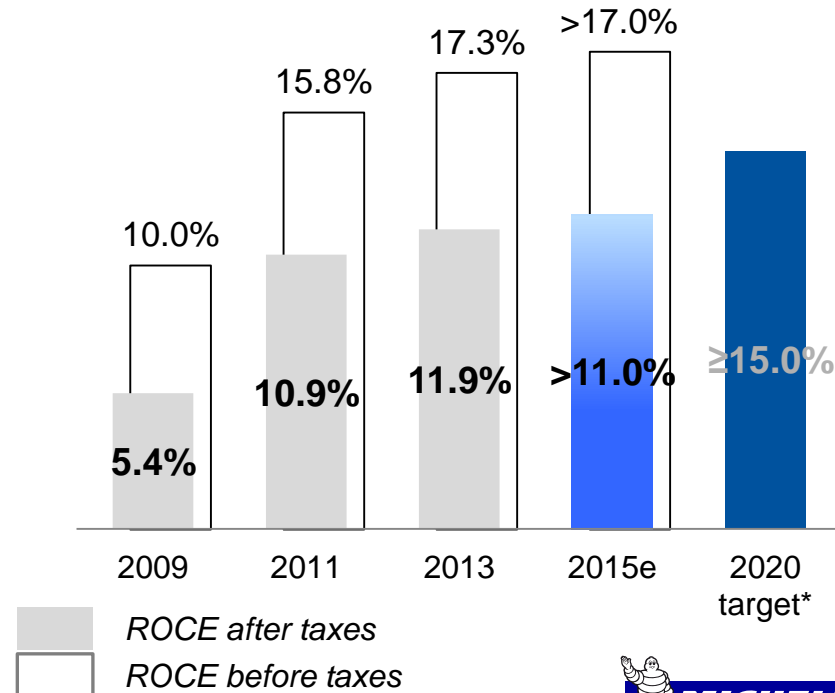
- ▶ Deliver a structural €1 billion Free Cash Flow from 2020*

(in millions €)



* At constant scope of consolidation

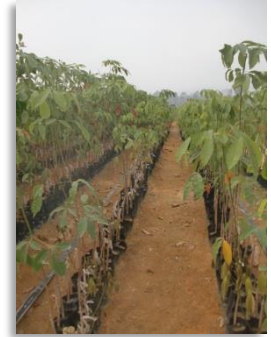
- ▶ Deliver a ROCE (after taxes) $\geq 15\%$ from 2020*



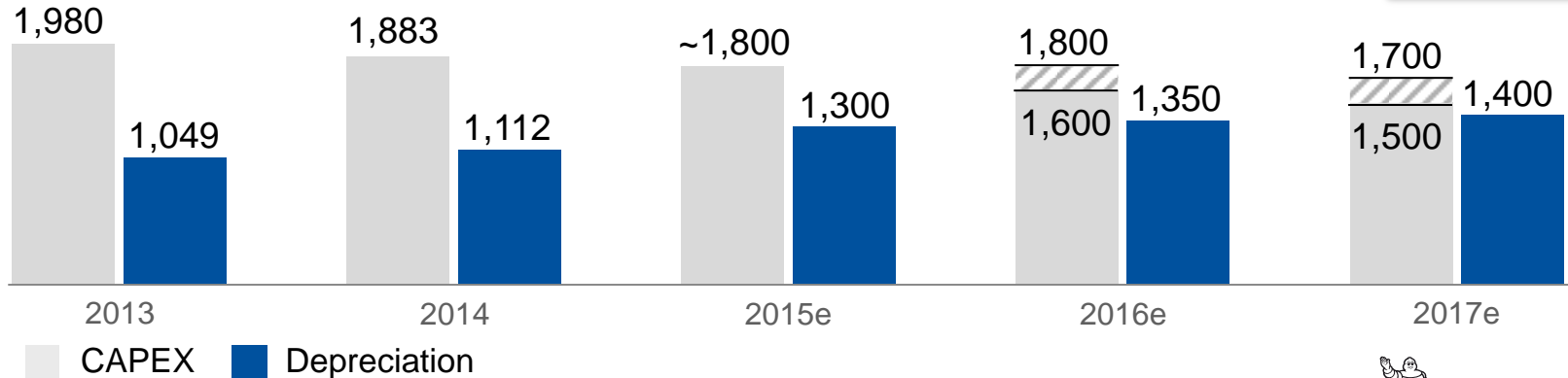
Invest to create value

► 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

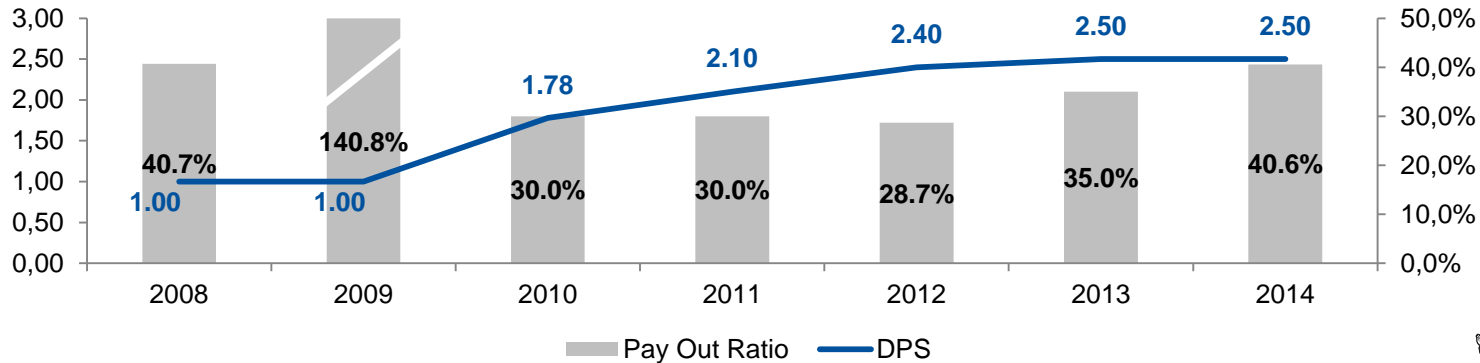


► Reducing the gap between capital expenditure and depreciation (In € millions)



A strategy committed to shareholders

- First tranche of €250m completed as of July 31
 - Number of shares purchased: 2,641,094
 - Purchase cost: €250m
 - Weighted average price: €94.70
- Second tranche announced for €200m
- Pay-out target: at least 35% of Group Net Income (excluding non recurring costs)



**NEW MICHELIN
CROSSCLIMATE TYRE.
ARM YOURSELF FOR EVERY
WEATHER CONDITION.**



Michelin creates CrossClimate, the first tyre able to cope with unexpected weather thanks to its revolutionary and traction on snow (certified 3PMSE for performance on snow).

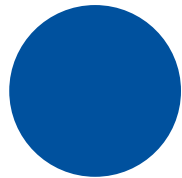
performances in dry braking, wet grip ("A" rating for wet braking)

Test the MICHELIN CrossClimate Innovation at: www.crossclimate.michelin.co.uk



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Appendices

Passenger car Tire Market: favorable market trends supportive to the Group's regional footprint

August 2015 / 2014

Market	Europe (including Russia&CIS and Turkey)	North America	Brazil	China
Original equipment tires	▲ +8%	▲ +6%	▼ -14%	▼ -4%
Replacement tires	▼ -1%	▲ +2%	▲ +2%	▲ +10%

YTD (August 2015)

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Truck Tire Market: strong momentum in mature countries favorable to the Group

August 2015 / 2014

Market (Radial + Bias)	Europe (including Russia&CIS and Turkey)	North America	Brazil
Original equipment tires	▲ +7%	▲ +4%	▼ -45%
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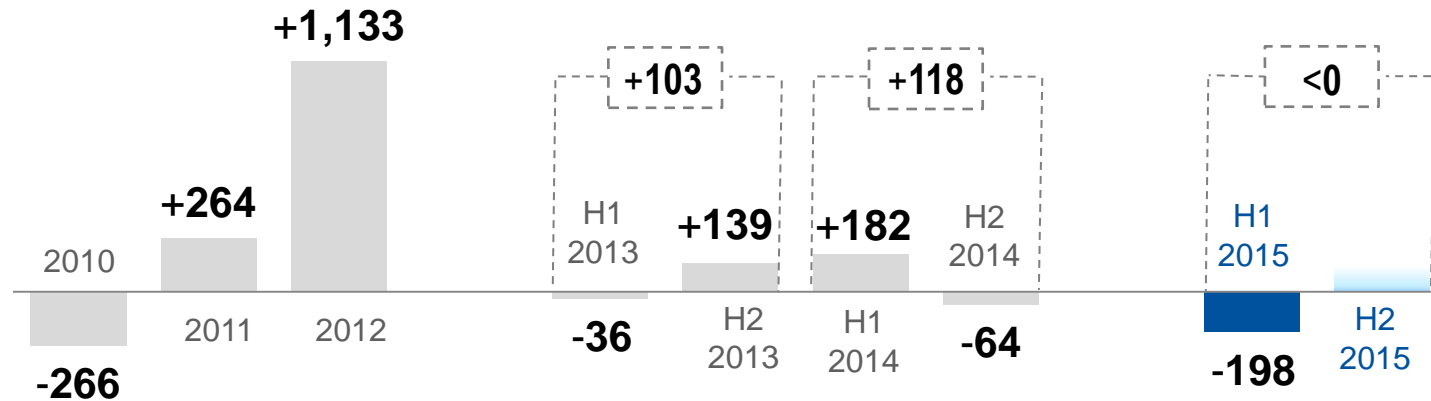
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Original equipment tires	▲ +5%	▲ +13%	▼ -46%
Replacement tires	▼ -2%	▲ +4%	▼ -8%

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)

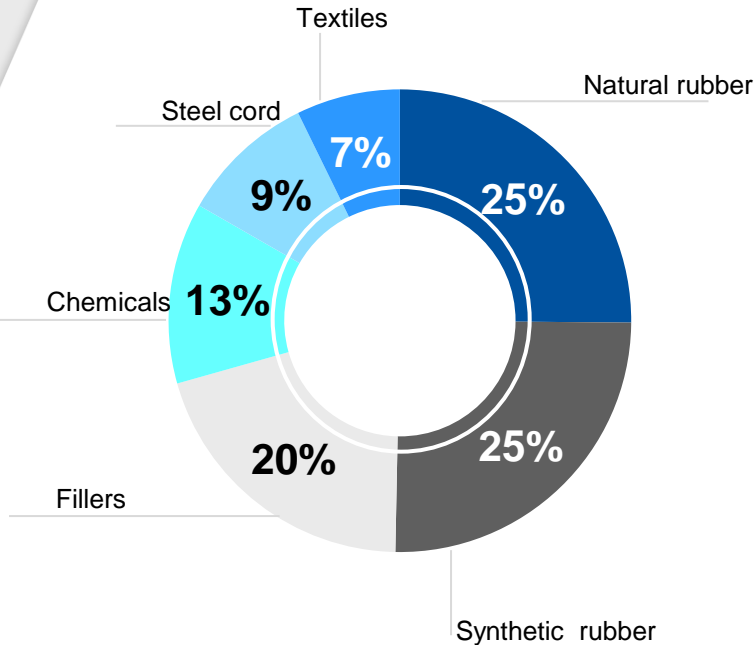


- Indexation clauses represented a third of the price effect in H1 2015
- Positive raw material price impact of €600m expected over full-year 2015 based on past price trends, after €228m in the first half
- Price increases of 3% announced in Europe for Passenger car, Light truck, Truck and Agricultural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

Raw materials and price trends in H1 2015

► Raw material purchases in H1 2015

(€2,414m)

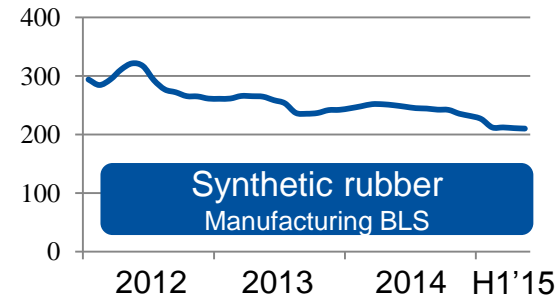
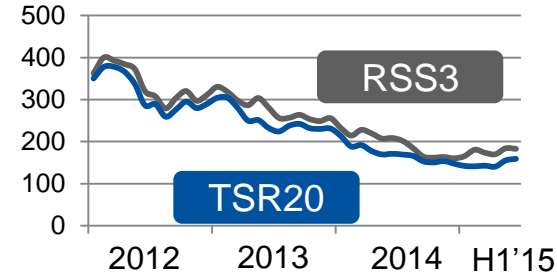
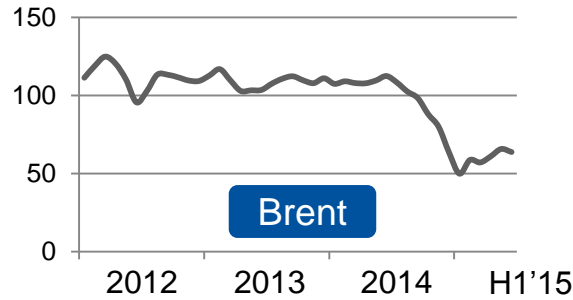


Exchange rate €/€ :

Average H1'14 : 1.37

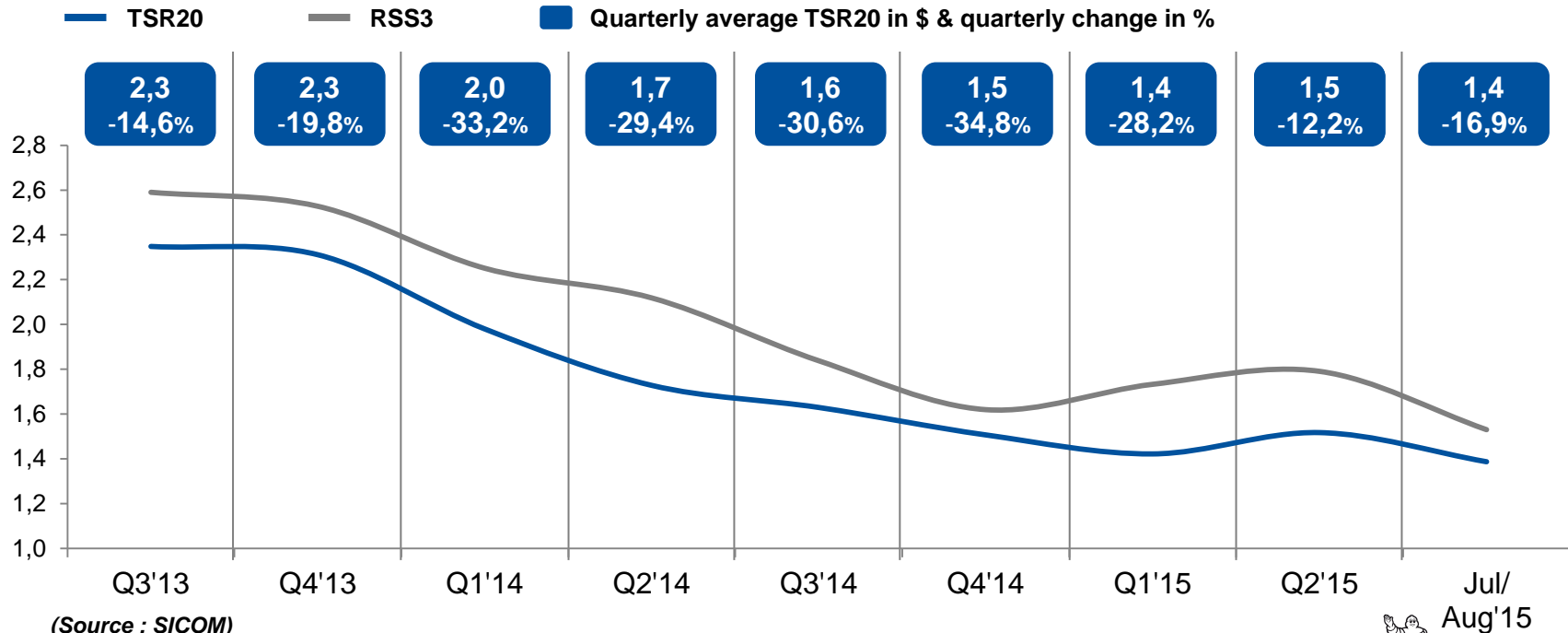
-18%

Average H1'15 : 1.12



Natural Rubber price (USD/kg)

At end of August 2015

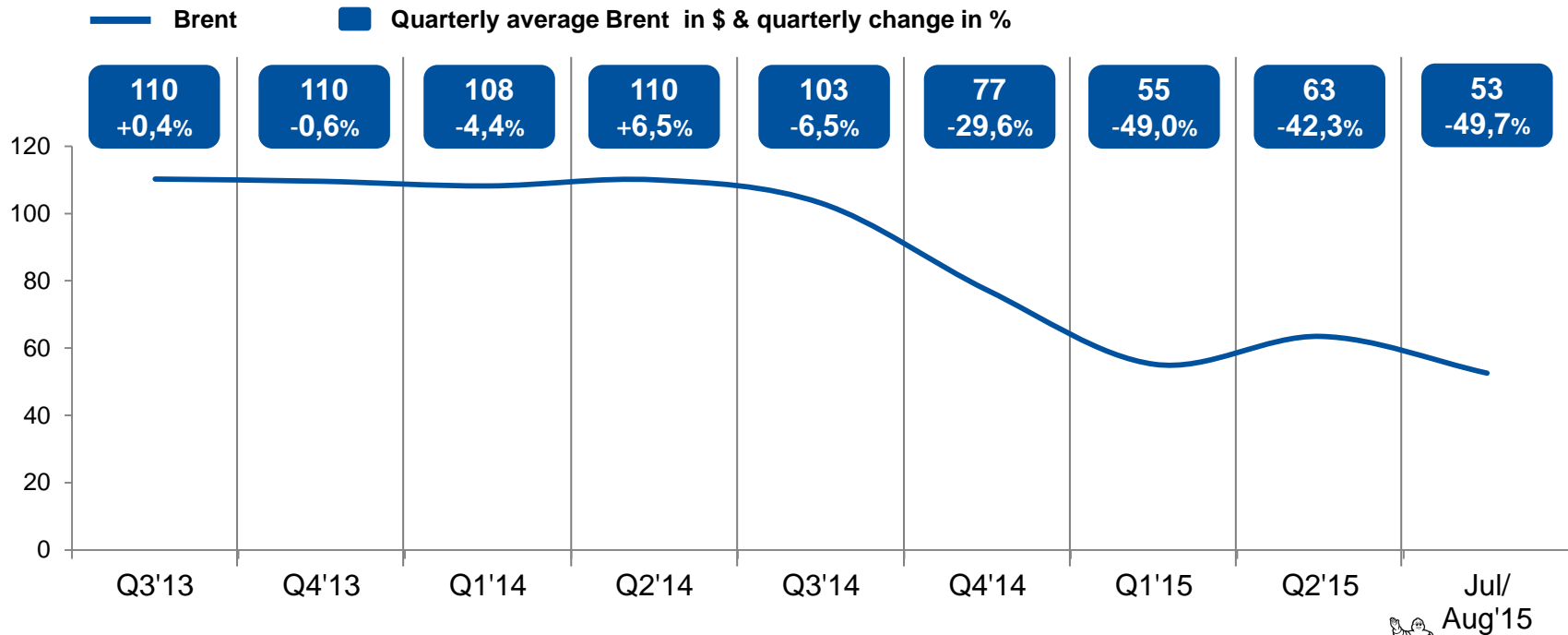


(Source : SICOM)



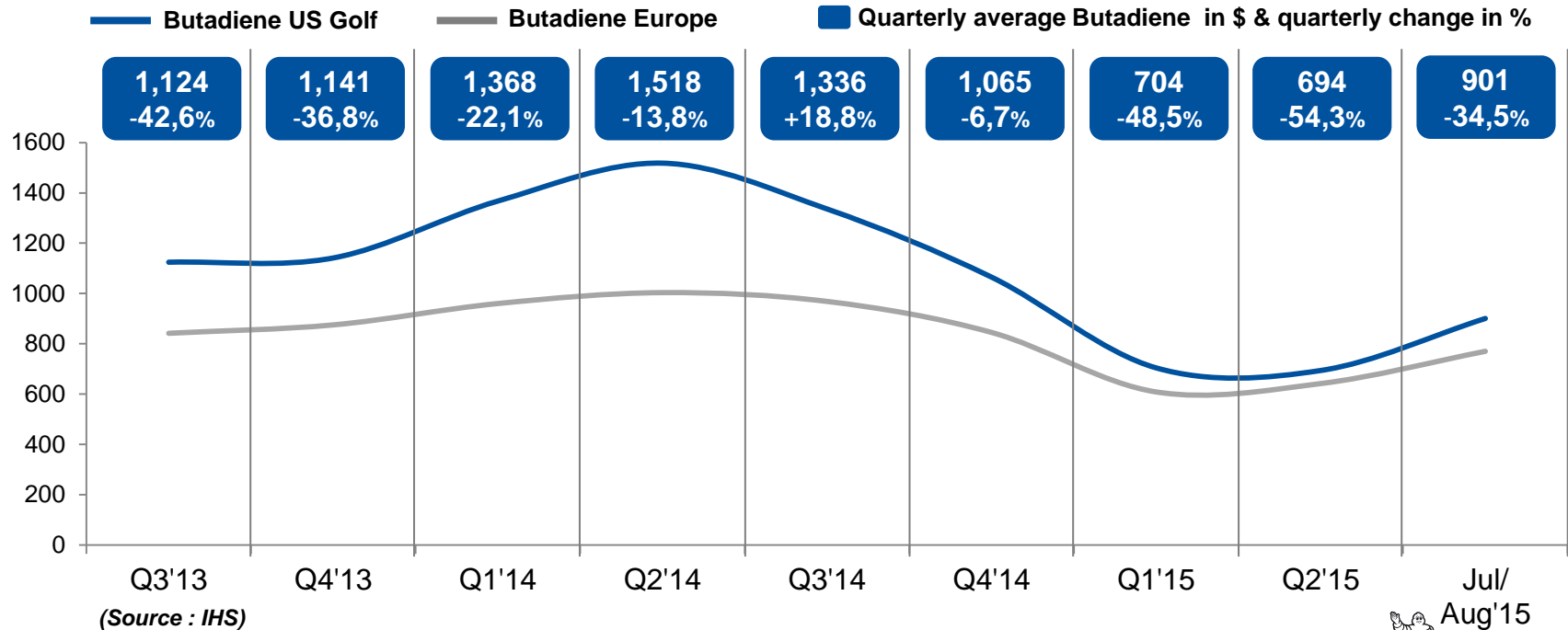
Brent Price (USD/barrel)

At end of August 2015



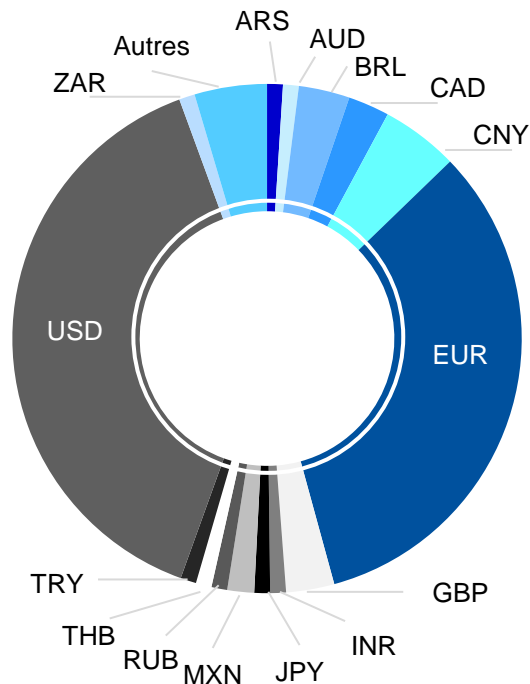
Butadiene Price (USD/t, EUR/t)

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



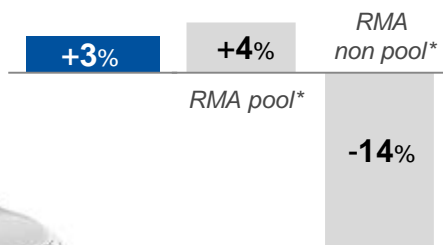
Source : Thomson One

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

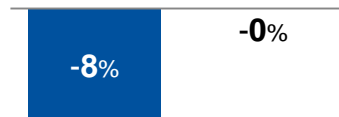
Europe excluding Russia



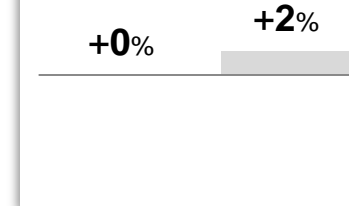
China



New markets excluding China



GLOBAL MARKET



Source : Michelin

■ OE

■ RT

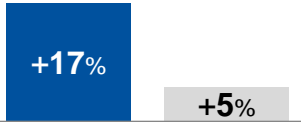
Truck tires: global market down, with growth in mature countries and in India, but demand down in the other new markets

▶ Markets in first-half 2015/2014

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



North America



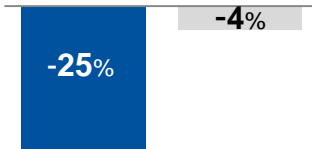
Europe excluding Russia



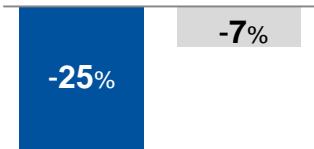
Africa India and Middle East



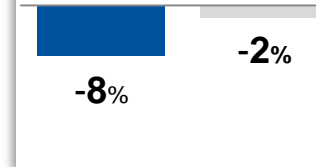
China



New markets excluding China and AIM



GLOBAL MARKET



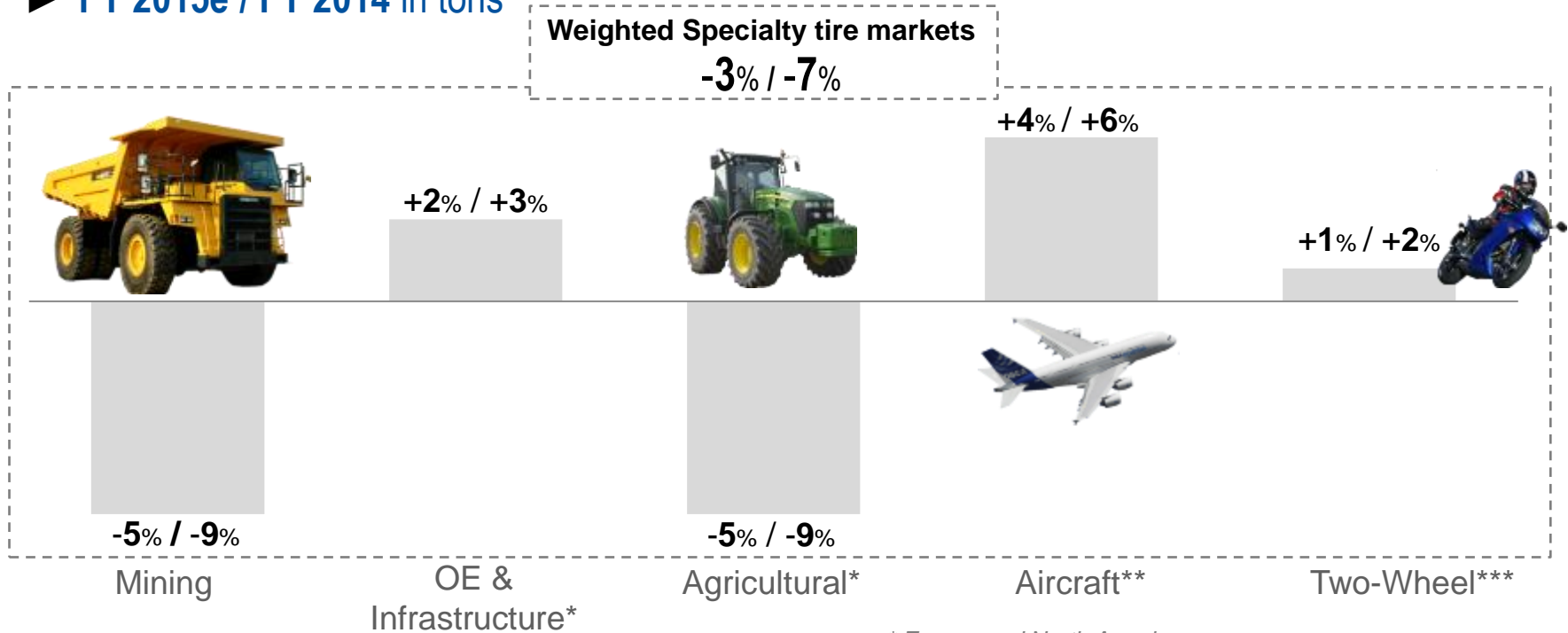
Source : Michelin

■ 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



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

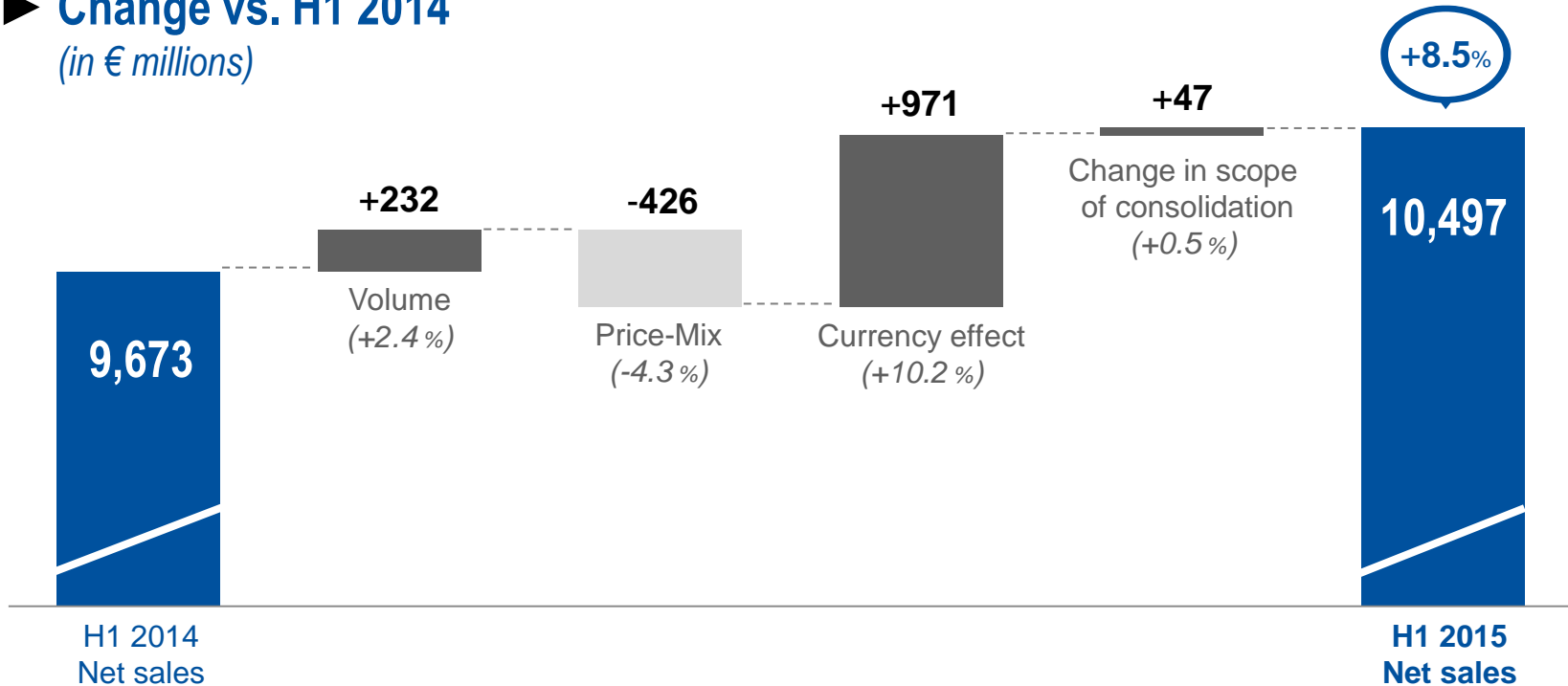
*Cash flows from operating activities less cash flows used in investing activities before acquisition

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

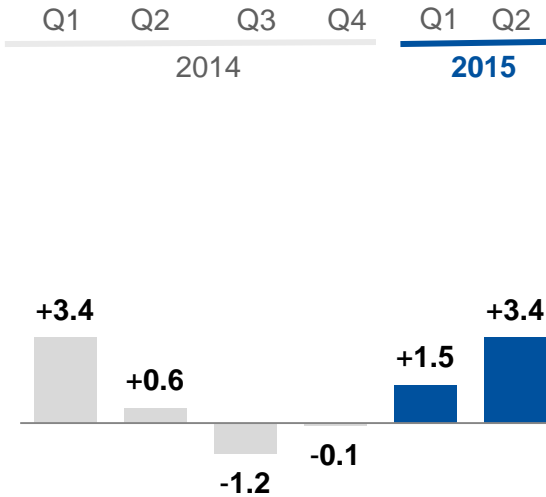
► Change vs. H1 2014 (in € millions)



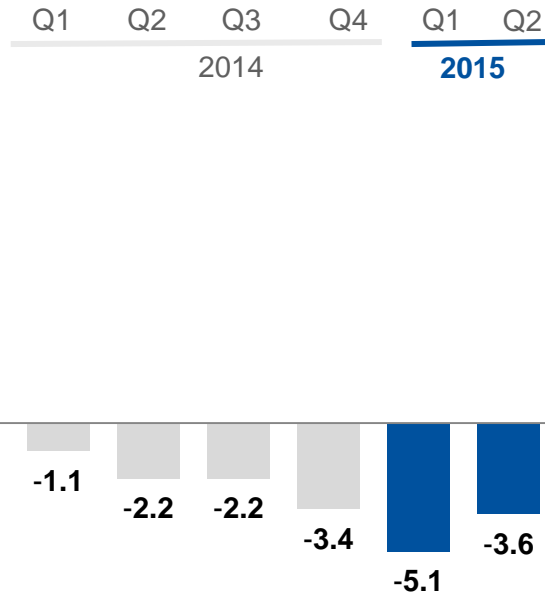
As expected, volumes and the price mix improved quarter to quarter

▶ YoY change in %

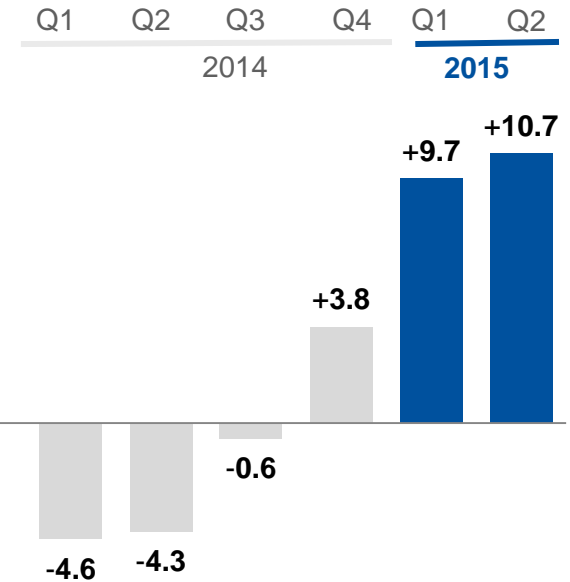
▶ Volumes



▶ Price-mix

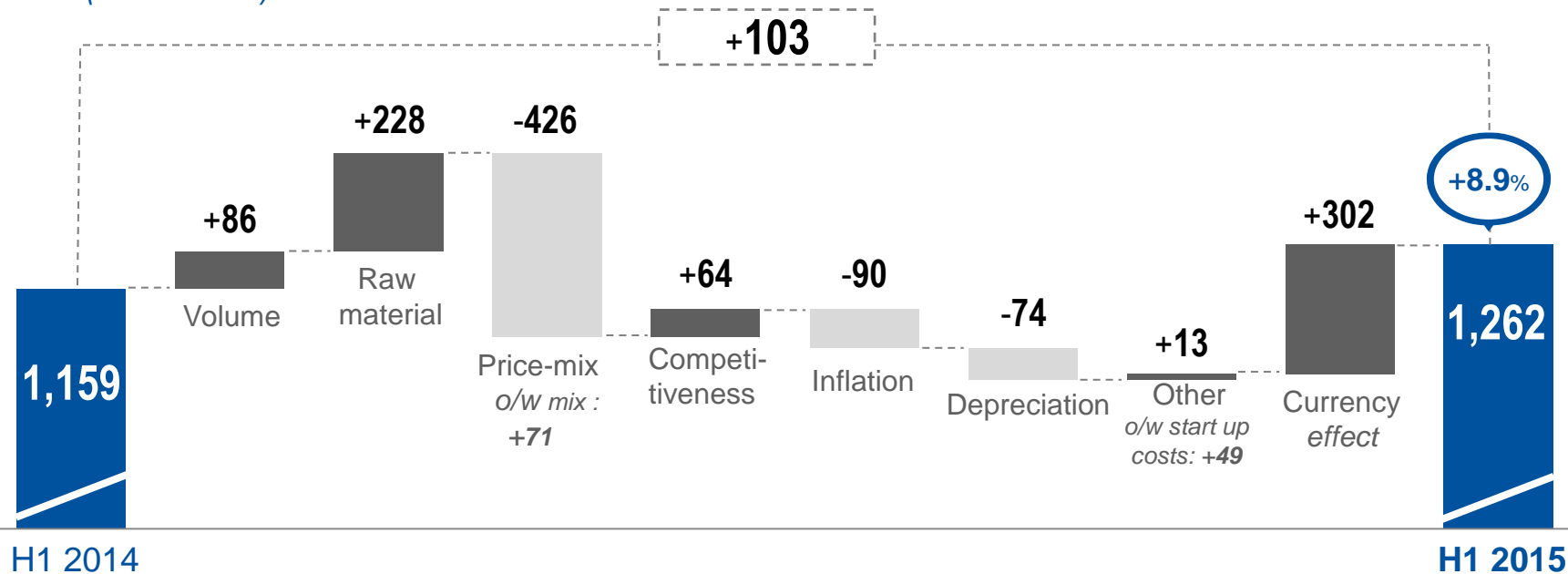


▶ Currency effect



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

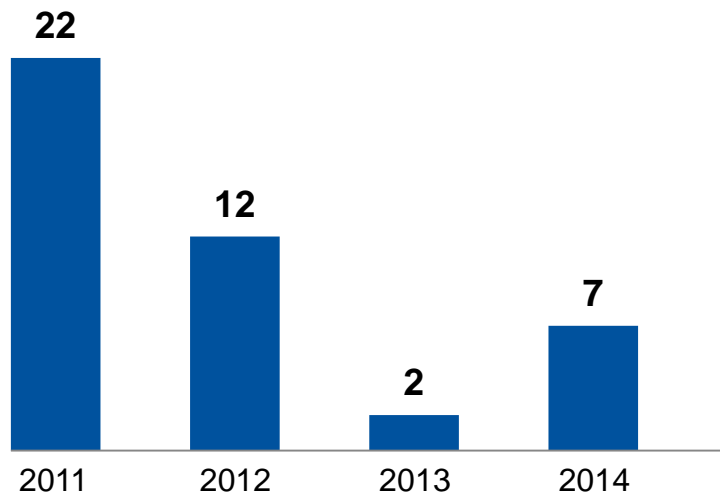
► Change vs. H1 2014 (in € millions)



Financial structure still robust after acquisitions

► Gearing – Net debt/Equity

(as a %)



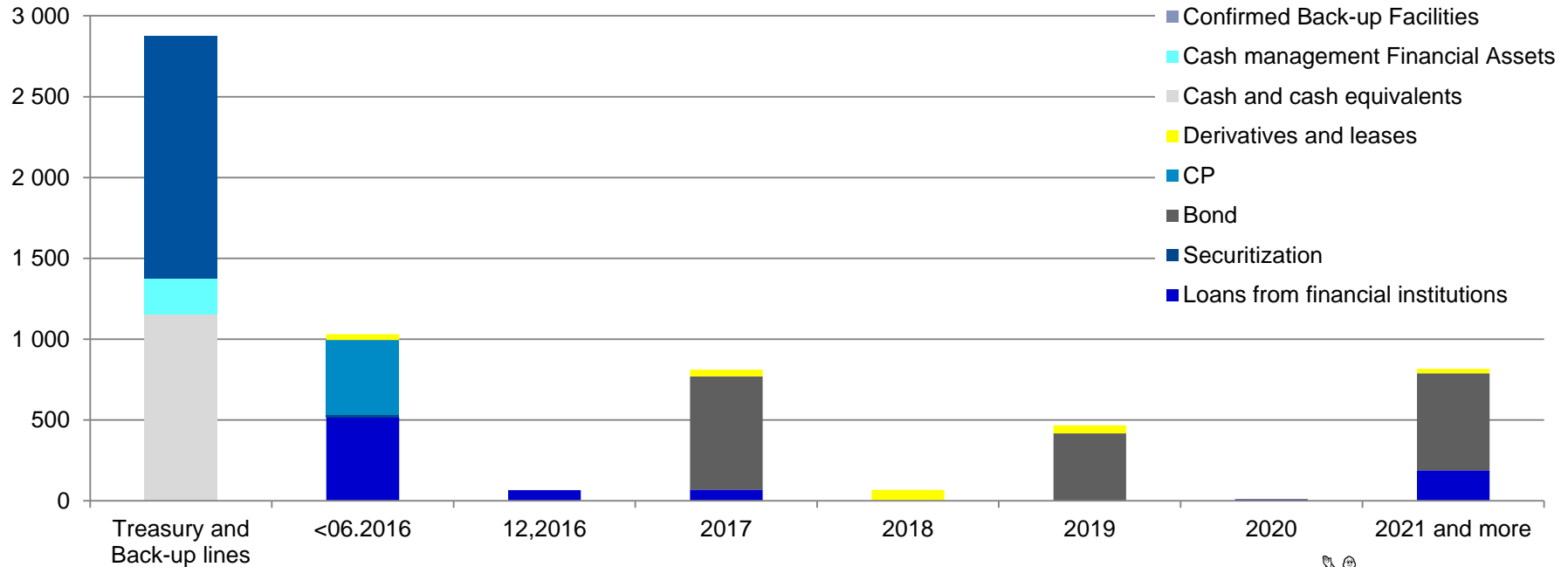
► Debt rating

		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)



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.

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