

PARIS – Danske Markets Equities

May 28, 2015

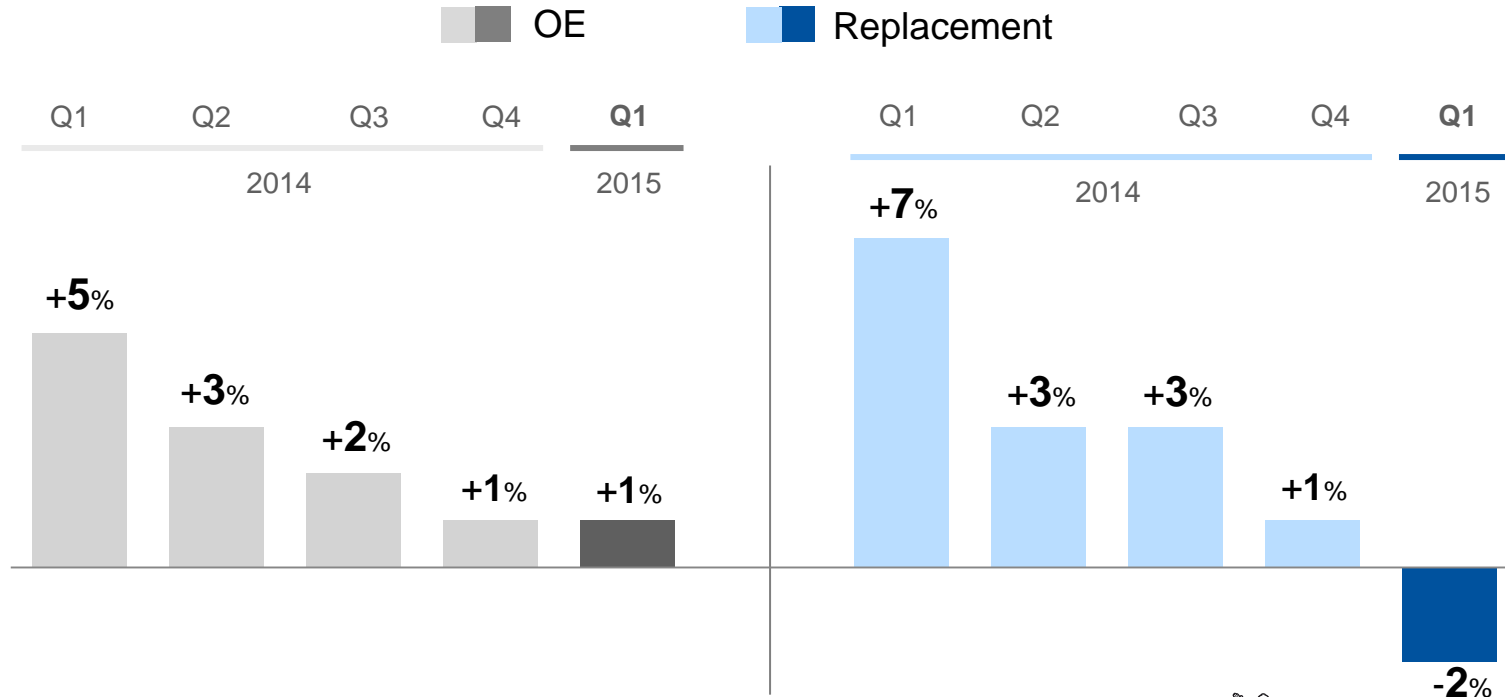


Q1 2015 Net sales of €5 billion, up 5.6%

- Above-market sales volumes growth of 1.5%
 - Volumes in line with the B2B markets
 - Above-market growth in the B2C markets
- Unfavorable change in price mix of 5.1%, of which 2.4% due to indexation clauses and 2014 price decrease
- 2015 guidance confirmed, with additional details: growing EBIT before non recurring items excluding currency effect
 - Raw materials tailwind revised upward to €600m for the full year
 - Currency effect on operating income (EBIT) raised to more than €350m
- Use of cash:
 - Further value-creating investment (Passenger car/Light truck tire growth, Truck services, Upstream)
 - €750m share buyback program over 18-24 months
- Moody's long-term rating upgraded from Baa1 to A3

Global Passenger car/Light truck tire markets slightly down in Q1 2015

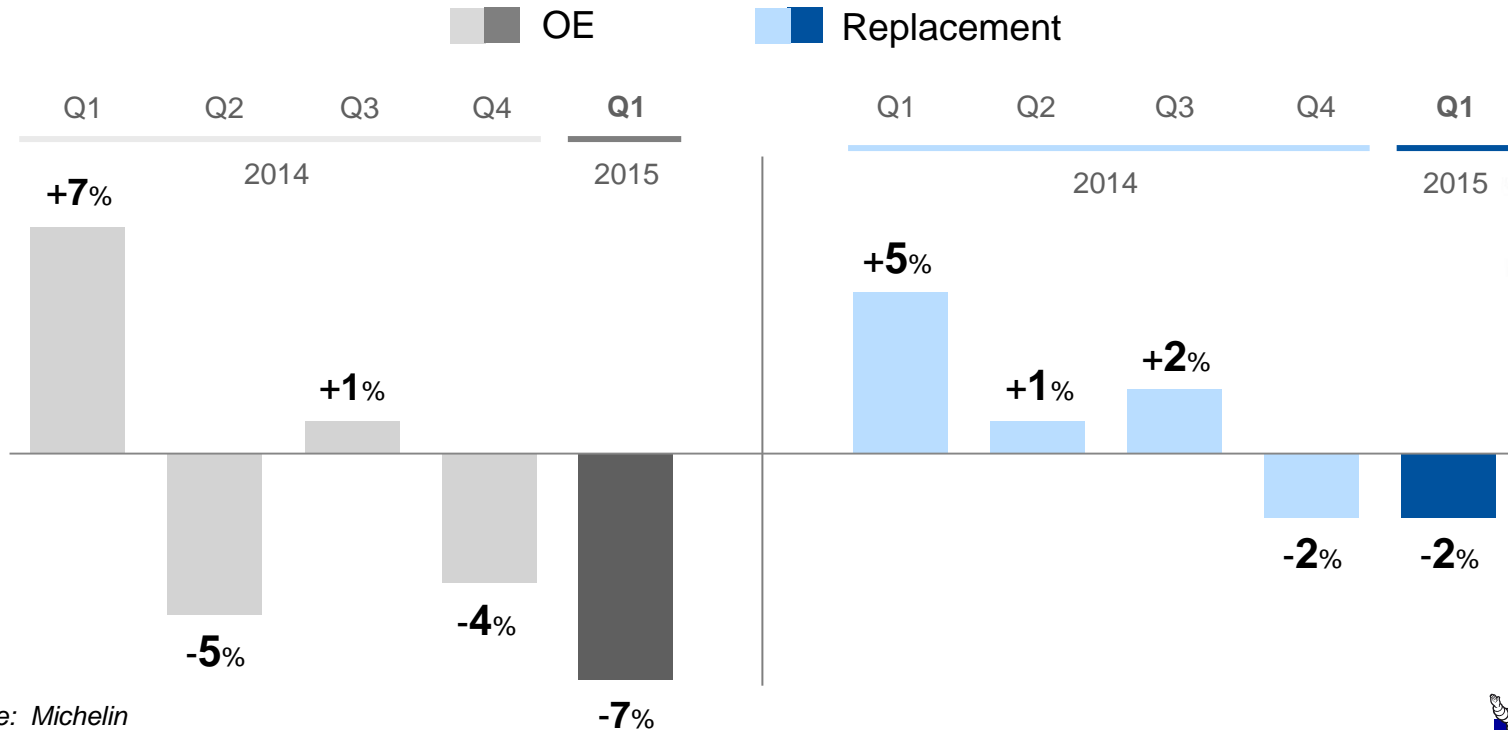
► YoY change in number of tires



Source: Michelin

Global Truck tire markets down in Q1 2015

► YoY change in number of new tires



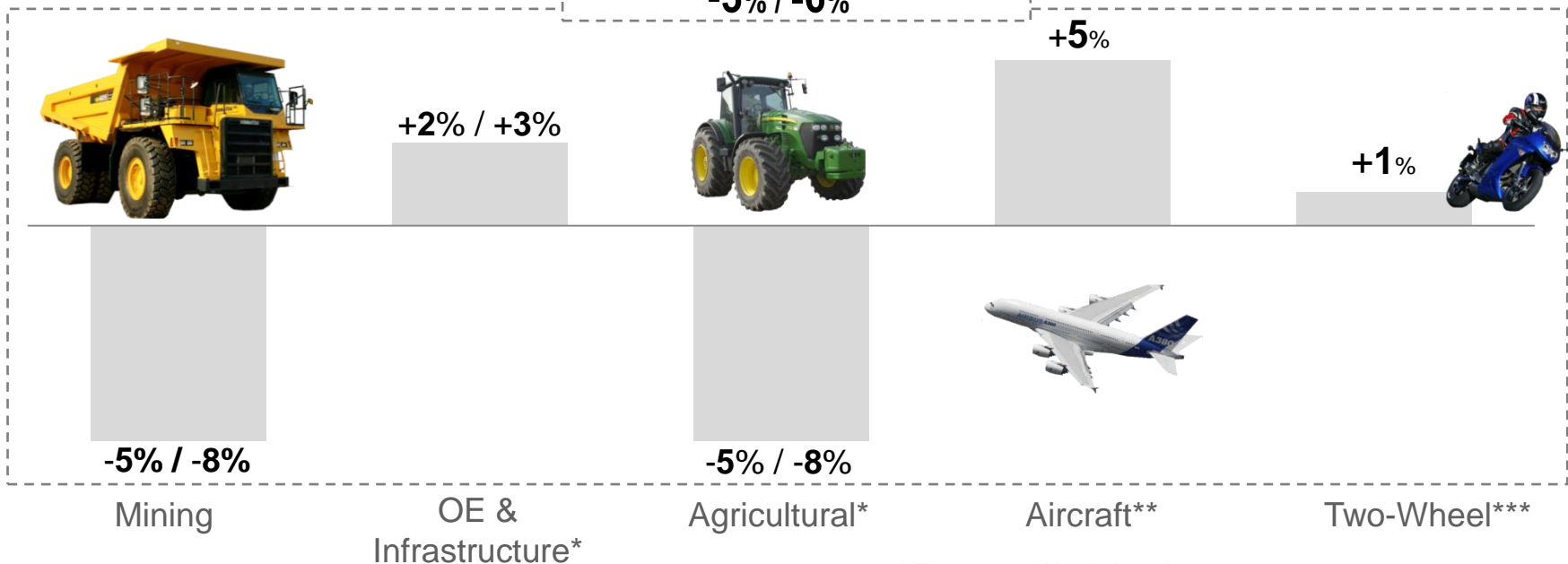
Source: Michelin

Specialty markets to trend down by an estimated 3% to 6% in 2015

► 2015e / 2014 in tons

Weighted Specialty tire markets

-3% / -6%



* Europe and North America

** Commercial aircraft

*** Motorcycle Europe, USA, Japan

Source : Michelin

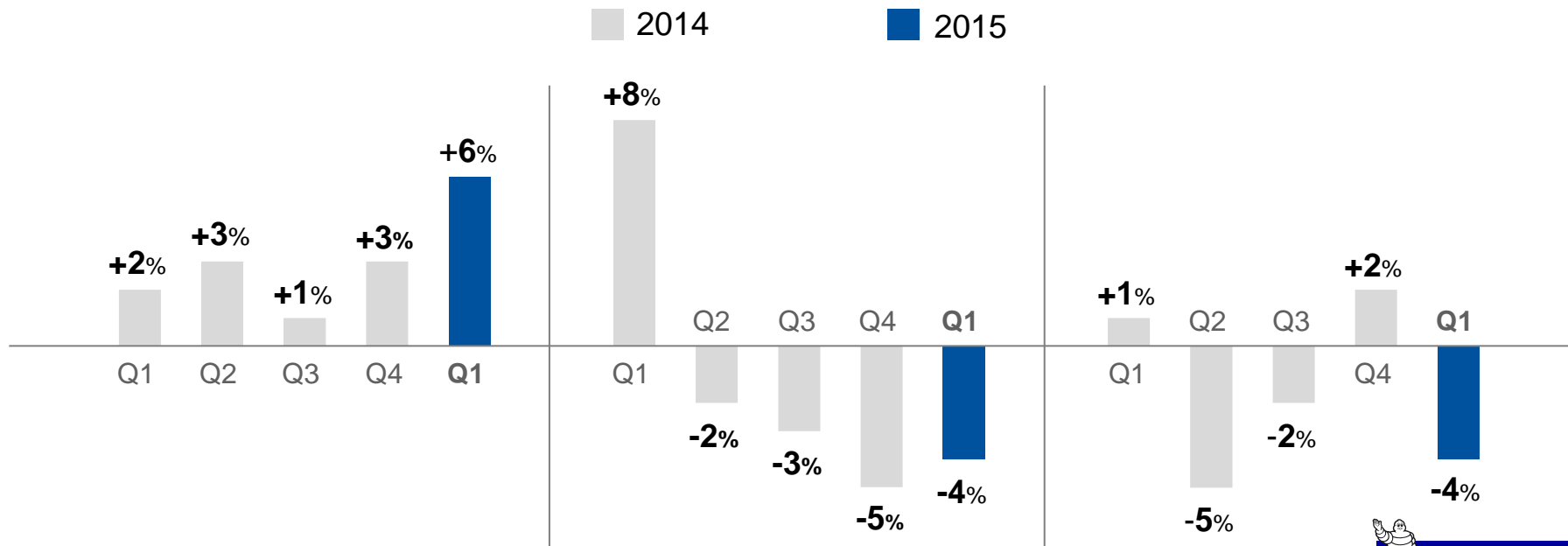
Strong growth in Passenger car/Light truck tire volumes sold, Truck and Specialty volumes in line with markets

► YoY change in tons

Car and Light truck tires
& related distribution

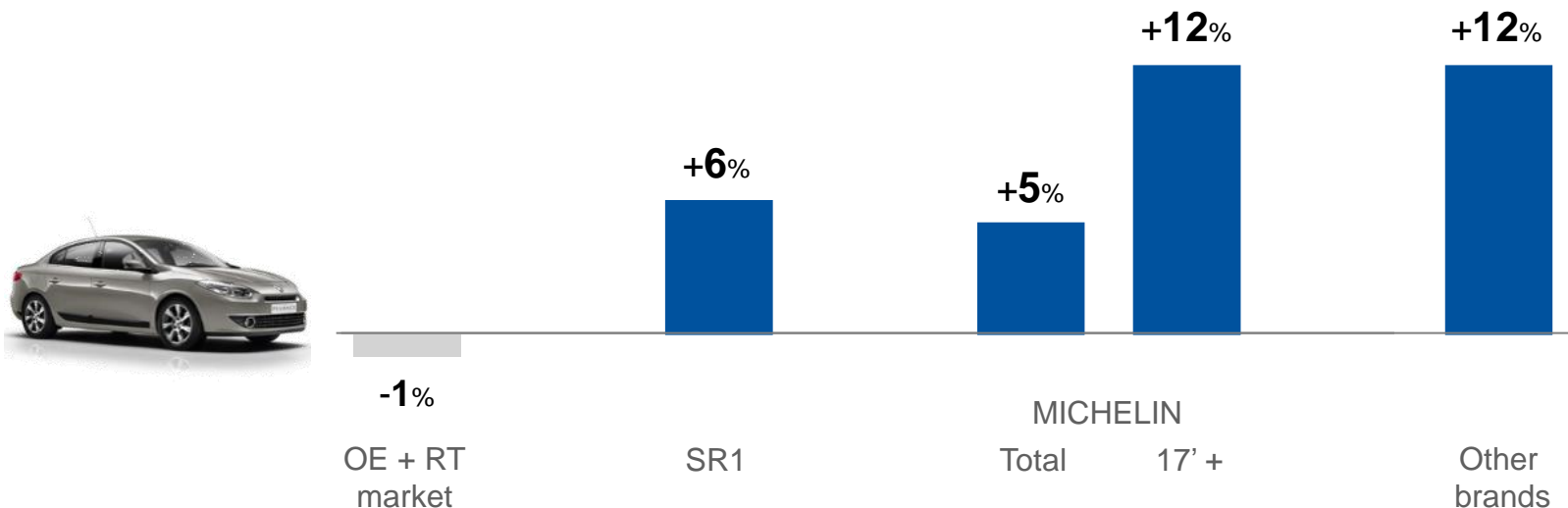
Truck tires
& related distribution

Specialty businesses



PC: Strong volume growth, steady mix improvement for the MICHELIN brand, sharp upturn in sales volumes for other brands

► Car and Light truck volume growth (YoY, in '000 tons)



Source: Michelin

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- 1 Net sales growth lifted by volumes and the currency effect
- 2 2015 guidance confirmed
- 3 Use of cash

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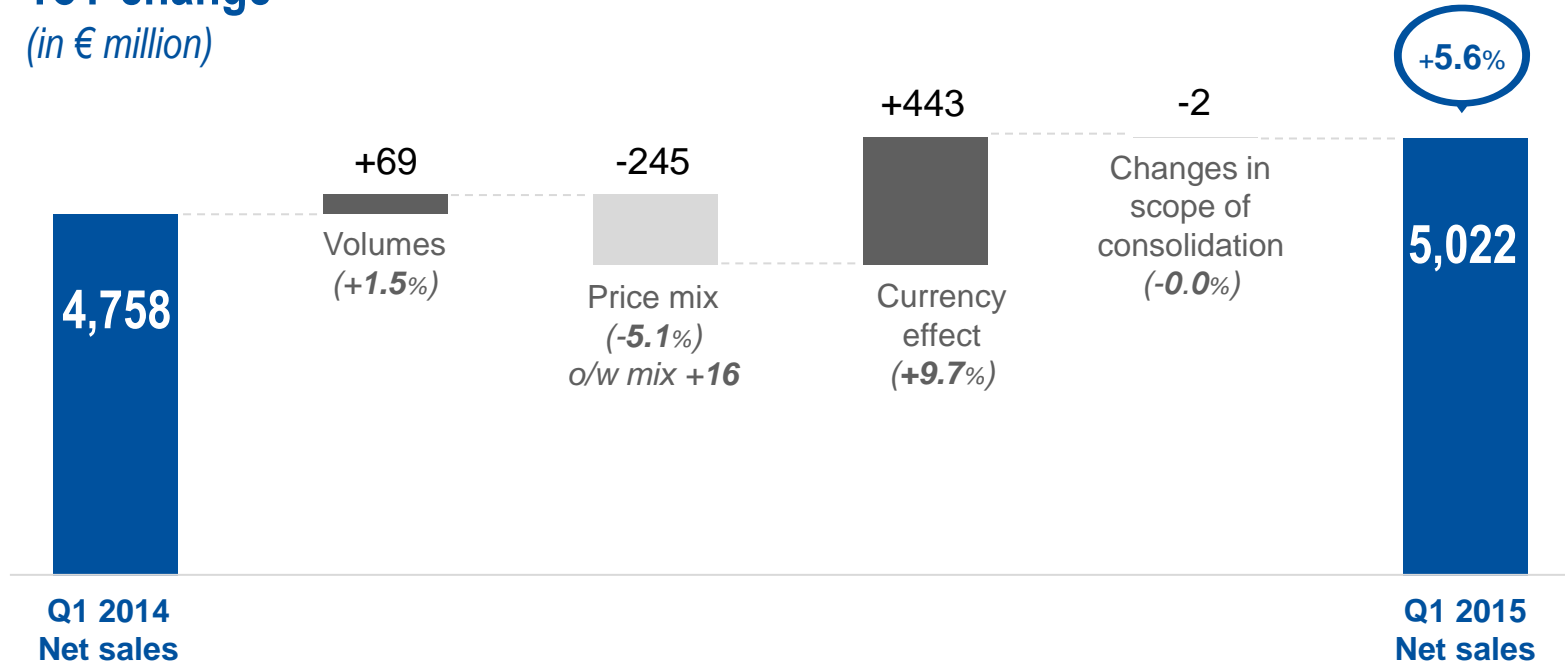
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1

Net sales growth lifted by volumes and the currency effect

Net sales up 5.6%, of which 1.5% due to higher volumes

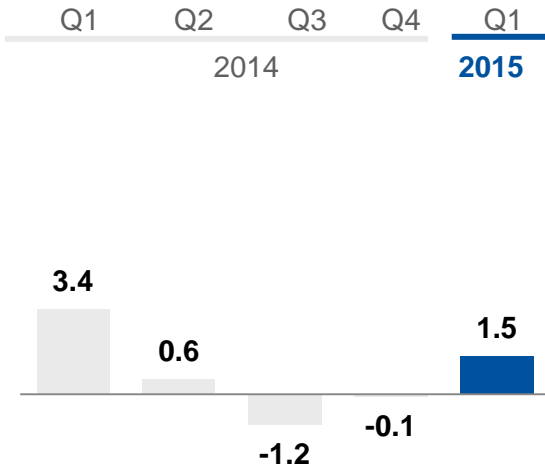
► YoY change (in € million)



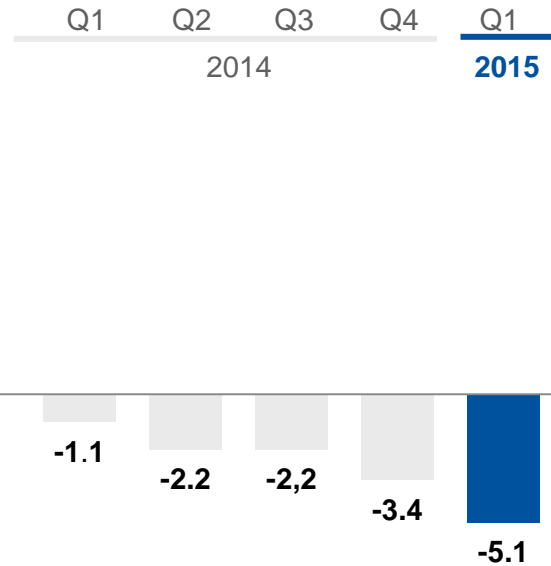
Q1: volumes up on high prior-year comparatives, prices adjusted in light of weaker raw materials prices

▶ YoY change in %

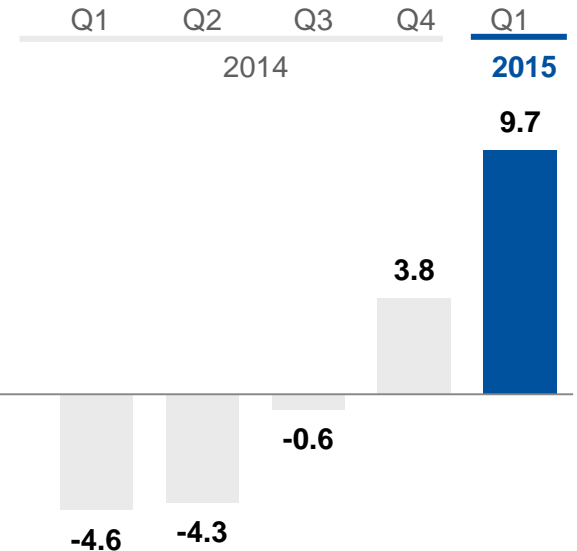
▶ Volumes



▶ Price mix



▶ Currency effect



Car and Light truck tires & Related Distribution: strong volume growth



In € millions	Q1 2015	Q1 2014	% change
Net sales <i>Volume growth</i>	2,777 +6%	2,520	+10.2%

- **Volumes** enhanced by improved customer service
 - MICHELIN brand up 5%
 - Strong BFGoodrich sales in North America, led by launch of new product (All Terrain KO2) and brand communication
- **Price mix:**
 - Application of raw materials-based indexation clauses in OE, and price repositioning in Replacement market over 2014-2015 period due to declining oil prices
 - Steady MICHELIN brand mix improvement: 17'+ volumes up 12%



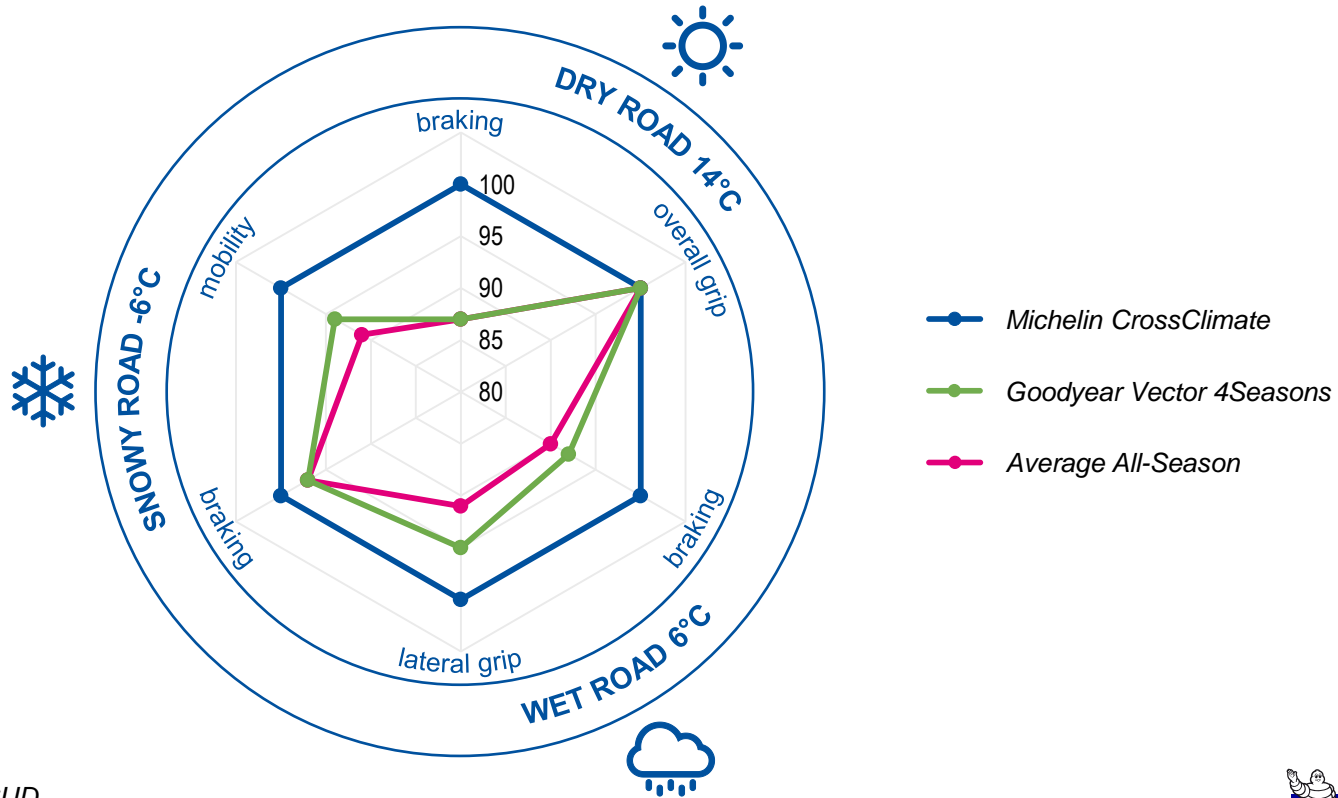
MICHELIN CrossClimate, a disruptive innovation to support volume growth

▶ The first-ever MICHELIN summer tire certified for winter use

- MICHELIN CrossClimate is 'A' wet braking label in all weather conditions according to European labelling
- It keeps you safe in all types of weather, and brakes 3 meters shorter than the average all-season tire
- 3PMSF certification for winter use
- Will be launched in Europe in May 2015



MICHELIN CrossClimate: technology leadership demonstrated by TÜV SÜD



Source : TÜV SÜD

Truck tires and related distribution: volumes in line with a contracting market, given a high basis of comparison



In € millions	Q1 2015	Q1 2014	% change
Net sales <i>Volume growth</i>	1,474 -4%	1,462	+0.8%

- **Volumes:**

- Good OE performance in mature markets
- Higher exports from Europe to meet North American demand

- **Price:**

- Impact of indexation clauses on prices in OE and of price adjustments decided in 2014

- **Product and services launch:**

- New MICHELIN X® WORKS™ free damage guarantee in Europe: better cost control and peace of mind guaranteed for worksite supply activities

Specialty businesses: resilience in contracting markets



Net sales in € millions
Volume growth

Q1 2015

771
-4%

Q1 2014

775

% change

-0.6%

- **Volumes:**

- Decline in Mining tire volumes following inventory drawdowns and scaled-back operations at some mines
- Growth in Earthmover OE and Infrastructure
- Decrease in Agricultural OE due to farm machinery renewal in recent years
- Strong increase in the Two-wheel segment

- **Price:**

- Application of indexation clauses

- **Product launch:**

- MICHELIN XDR 250 mining tire: productivity enhanced by up to 25%



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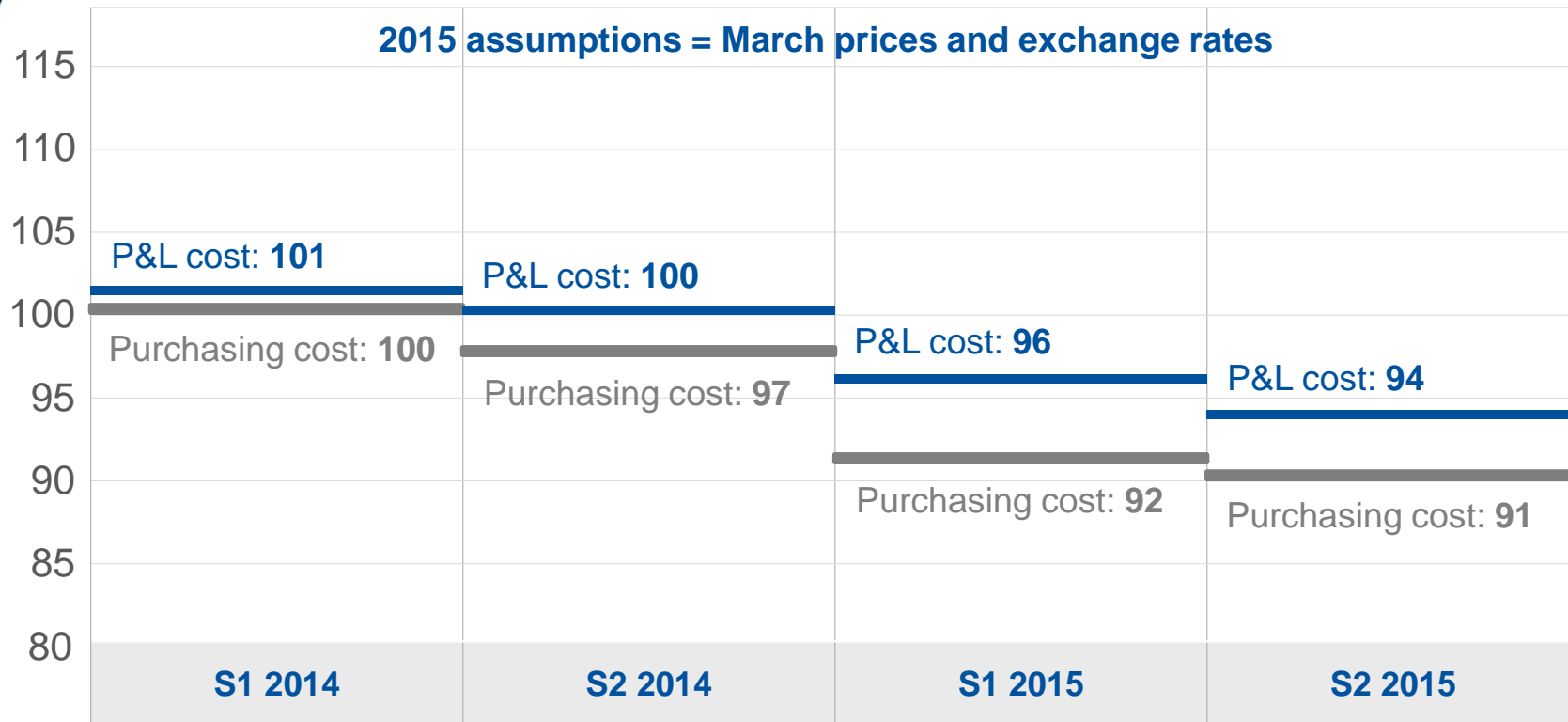
2015 guidance confirmed



2015 guidance confirmed: growth in line with the markets and EBIT before non recurring items up excluding any currency effects

	2015 new	2015 old
Volumes	Growth in line with the markets	Growth in line with the markets
Impact of raw materials prices	Around €600m tailwind	Around €450m tailwind
Price-mix / Raw materials	Negative in H1, positive full year	
Competitiveness/cost inflation	Neutral over the year	Neutral
Currency effect on operating income	Above €350m	Around + €150m (o/w +€250m from EUR/USD)
Operating income before non-recurring items	Up excluding any currency effects	Up excluding any currency effects
ROCE	More than 11%	More than 11%
CAPEX	Around €1,800m	Between €1,700m and €1,800m
Structural free cash flow	Approx. €700m	Approx. €700m

Raw materials tailwind to lift EBIT by around €600m, mainly in H2



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Use of cash

Invest to create value

- Succeed in our priority investments to capture growth
 - In the supply chain, to improve customer service (IS, logistics centers)
 - In growing markets: PC HVA tires, North America, China
 - In Truck fleet and Digital services
 - In raw materials and semi-finished products

- Keep up with innovation, specifically through vertical integration
 - Ensure high performing synthetic rubber production
 - Step up capacity to manufacture innovative molds (e.g. CrossClimate and Premier A/S tire lines)

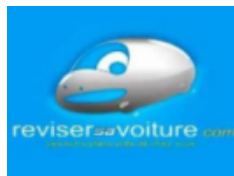
AlloPneus & Blackcircles: a customer-oriented business aligned with Michelin's Digital strategy

- Acquisition of a 40% stake in **AlloPneus**, France's leading tire e-tailer, for €60m
- Full acquisition of **Blackcircles**, UK's leading tire pure e-tailer for £50m
- Group synergies:
 - Develop market access through a fast-growing channel (up 10%/year in France)
 - Increase Digital know-how
 - Generate additional traffic for Euromaster and ATS
- Acquisitions in figures:
 - AlloPneus 2014 net sales of €210m for 3 million tires sold
 - Blackcircles 2014 net sales of £28m for 0,3 million tires sold
 - Bothes #1 internet pure players in their domestic markets



Acquisitions in line with Michelin's strategy

- Targeted acquisitions
- Types of businesses being explored:
 - Tier 2/Tier 3 Asian tire makers
 - Digital and telematics service providers in mature regions
 - Upstream investments
- Reasonable amounts allowing Michelin to maintain its rating, thanks to FCF generation



Optimize cost of capital through a €750m share buyback program

- Proven ability to generate structural FCF on a recurring basis
 - EBITDA growth, WCR optimization
 - Employee benefit obligations under control (defined benefit plans over 85%-funded at Dec 2014)
- A value-creating opportunity for the Group
- Amount staggered over a 18-24 month period beginning on April 27, 2015:
 - €750m, equivalent to over one year's worth of structural FCF or slightly over 2 years worth of post dividend structural FCF
 - In 3 tranches (of around 6 months and €250m each)
 - Existing authorization up for renewal at the Annual Shareholders' Meeting: buyback of up to 10% of the capital at a maximum purchase price of €140
 - Capital reduction planned through the cancellation of shares at year end

Key Takeways

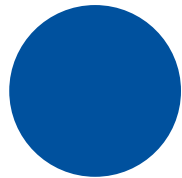
- Above-market unit sales growth of 1.5%
- Unfavorable change in price mix of 5.1%, of which 2.4% due to indexation clauses and 2014 price cuts
- 2015 guidance confirmed, with additional details: EBIT before non recurring items up excluding any currency effects
 - Price mix / materials effect negative in H1, positive full year
 - Raw materials tailwind revised upward to €600m for the full year
 - Currency effect on operating income (EBIT) raised to more than €350m
- Use of cash:
 - Investments for growth and innovation
 - €750m share buyback program

Upcoming events

- **May 27, 2015:** Record date
- **May 28, 2015:** Payment date
- **July 28, 2015:** First-half 2015 results
- **October 22, 2015:** Net sales at September 30, 2015

May 28, 2015

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Appendices



Passenger Car and Light Truck Tire Market

April 2015 / 2014

Market	Europe*	North America	Brazil	China
Original equipment tires	▲ +3%	▲ +6%	▼ -19%	▲ +5%
Replacement tires	▲ +2%	▼ -1%	▲ +6%	▲ +5%

YTD (April 2015)

Market	Europe*	North America	Brazil	China
Original equipment tires	▲ +4%	▲ +3%	▼ -14%	▲ +8%
Replacement tires	▲ +1%	▼ -4%	▲ +1%	▲ +5%

* Russia and Turkey included

Truck Tire Market

April 2015 / 2014

Market (Radial + Bias)	Europe*	North America	Brazil
Original equipment tires	▲ +9%	▲ +20%	▼ -33%
Replacement tires	▲ +2%	▲ +5%	▼ -5%

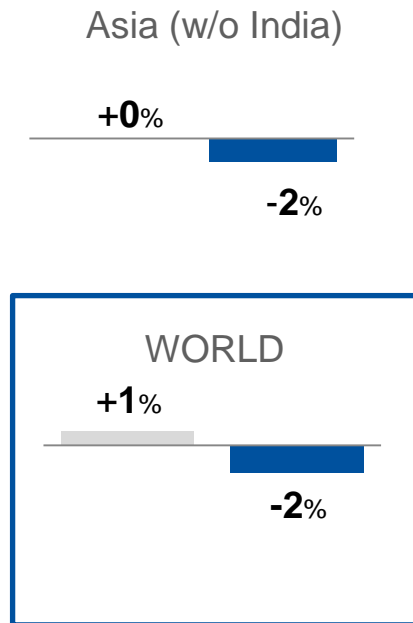
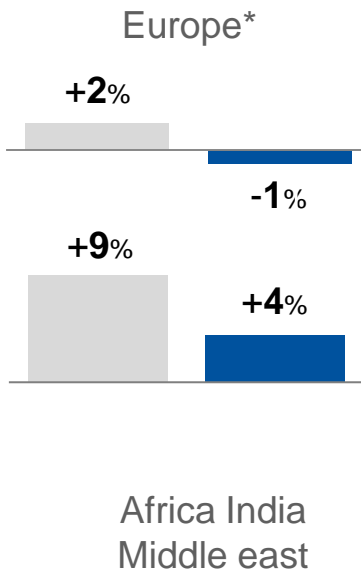
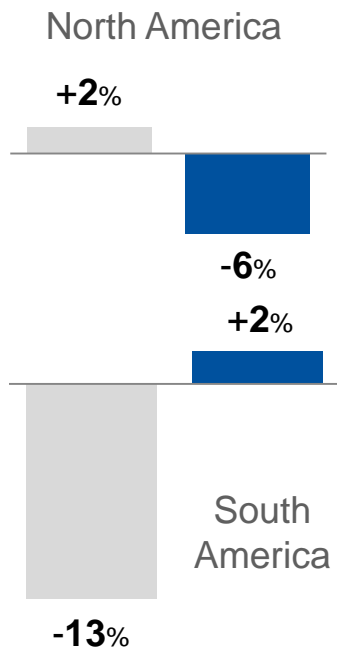
YTD (April 2015)

Market (Radial + Bias)	Europe*	North America	Brazil
Original equipment tires	▲ +3%	▲ +21%	▼ -40%
Replacement tires	▼ -3%	▲ +2%	▼ -6%

* Russia and Turkey included

2015 Q1 Car & Light truck markets

▶ YoY change, in number of tires



OE
 Replacement

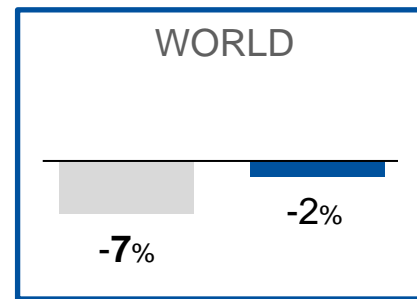
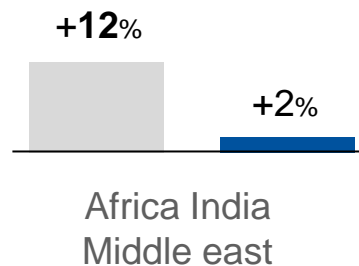
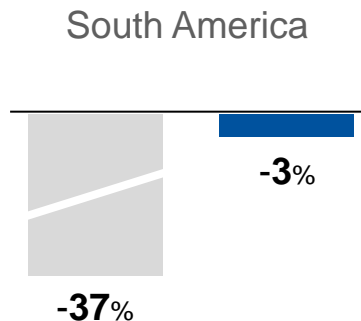
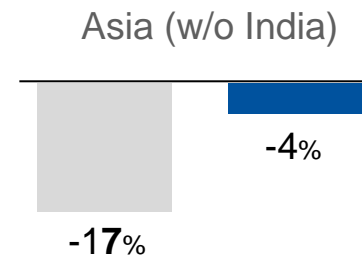
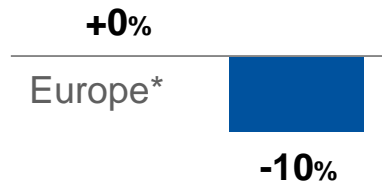
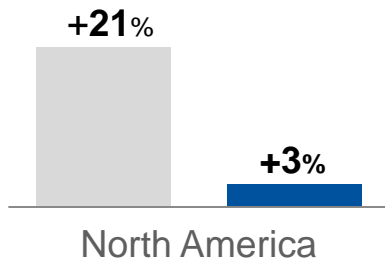
* Including Russia and Turkey

Source : Michelin



2015 Q1 Truck markets

▶ YoY change, in number of new tires



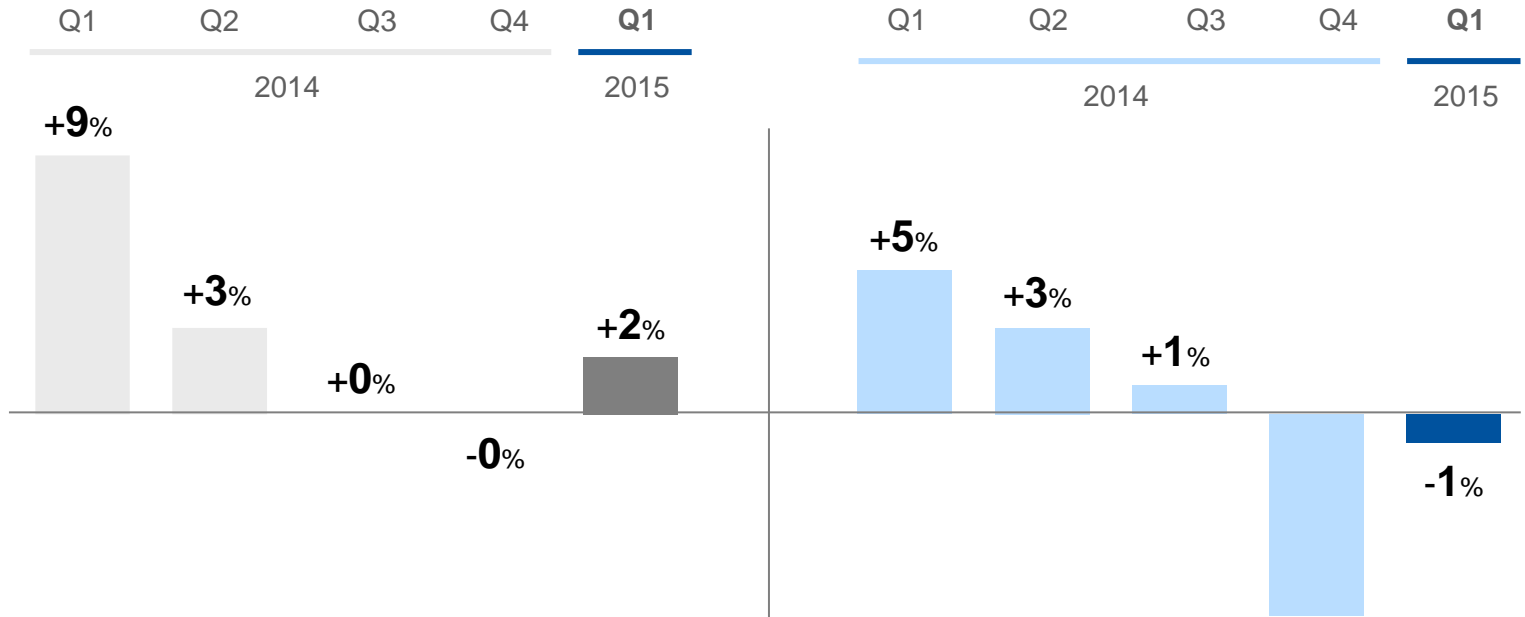
OE
 Remplacement

* Including Russia and Turkey

Source : Michelin

Car and Light Truck European* Quarterly Markets

► YoY change, in number of tires



* Including Russia and Turkey

Source : Michelin

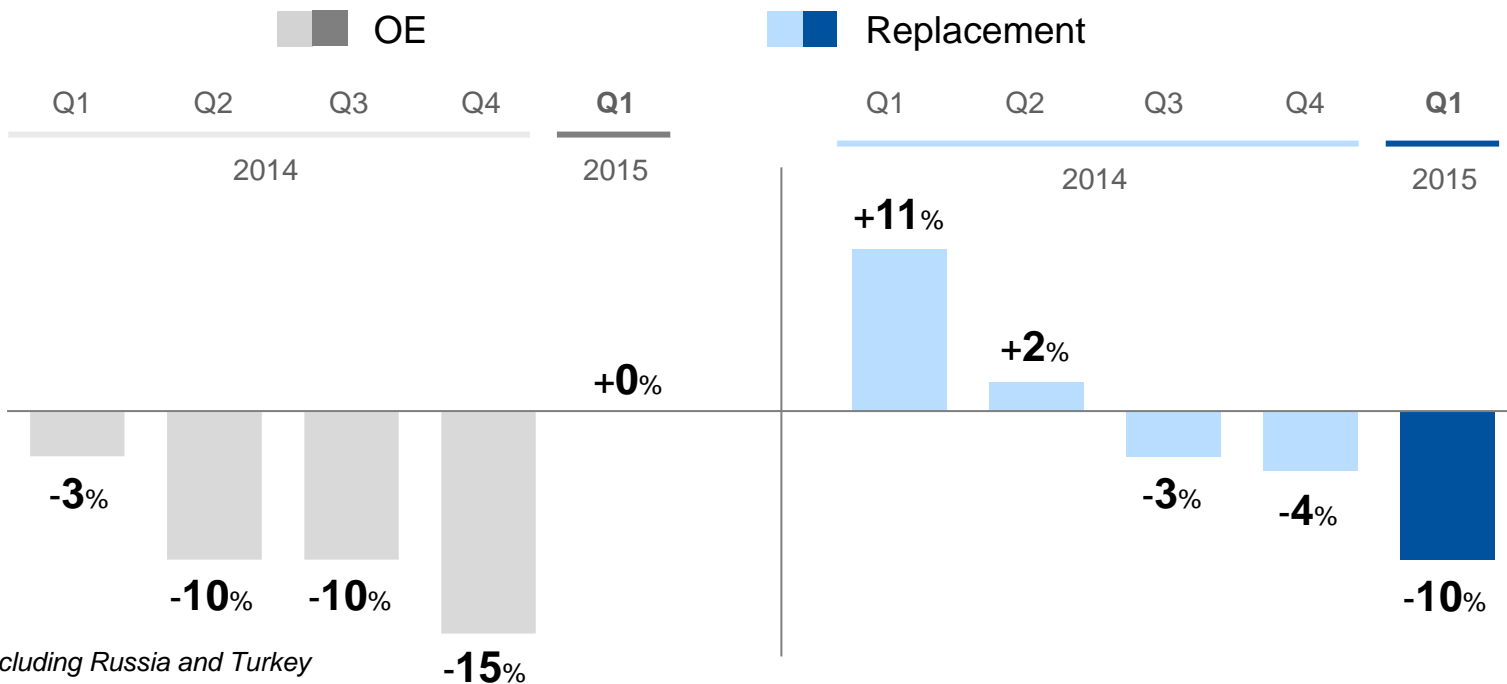
OE

Replacement



Truck European* Quarterly Markets

► YoY change, in number of new tires



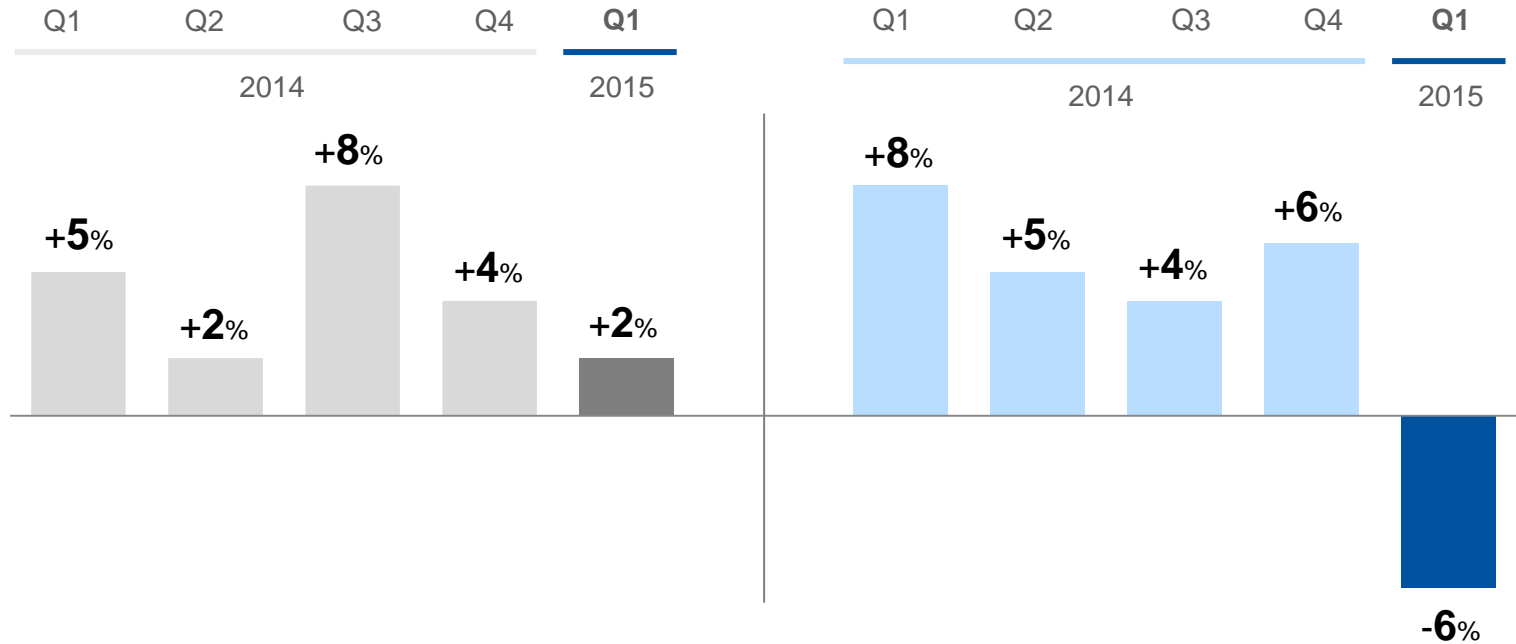
* Including Russia and Turkey

Source : Michelin



Car and Light Truck North American Quarterly Markets

► YoY change, in number of tires



Source : Michelin

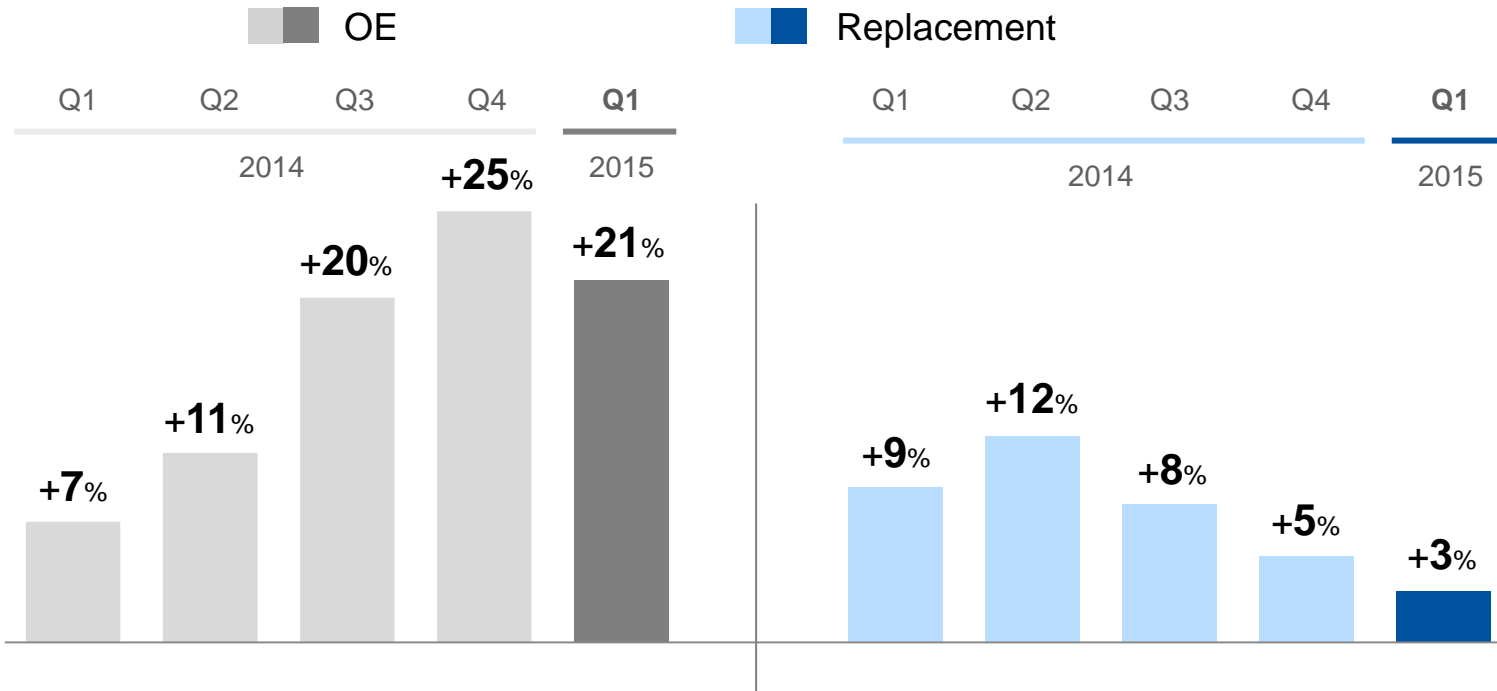
OE

Replacement



Truck North American Quarterly Markets

▶ YoY change, in number of new tires



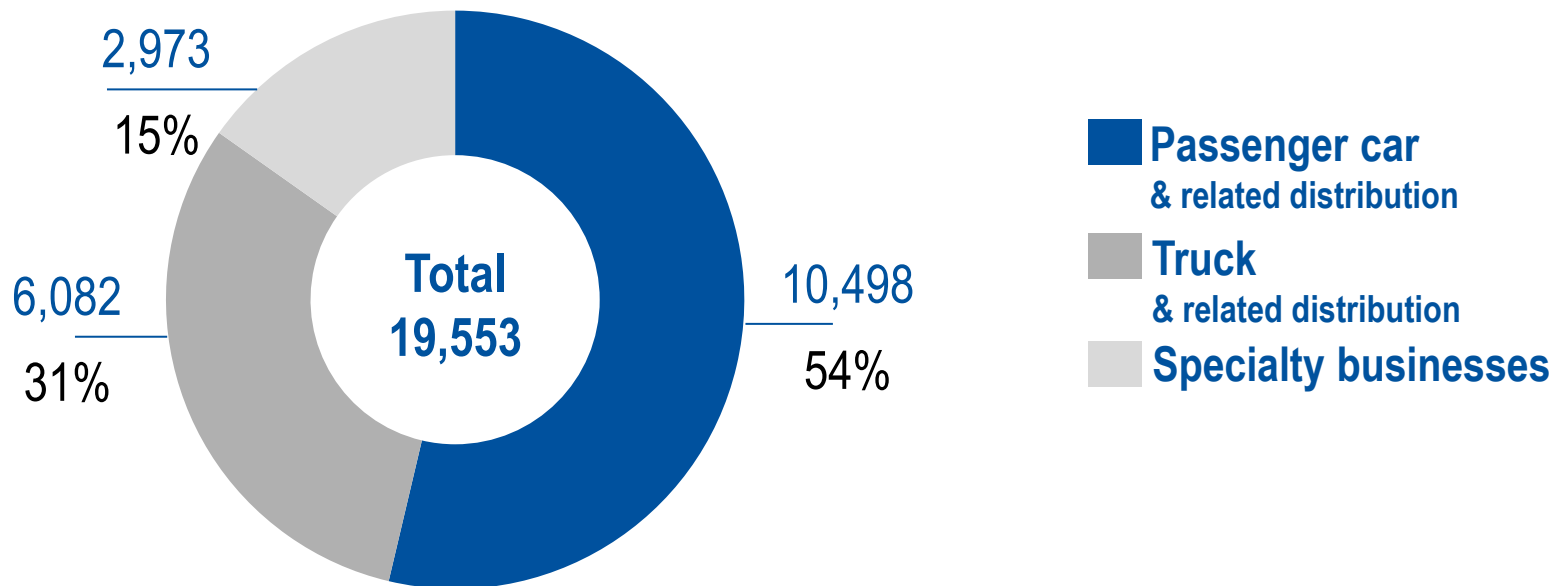
Source : Michelin



Diversification across all tire businesses

► 2014 Net sales by business

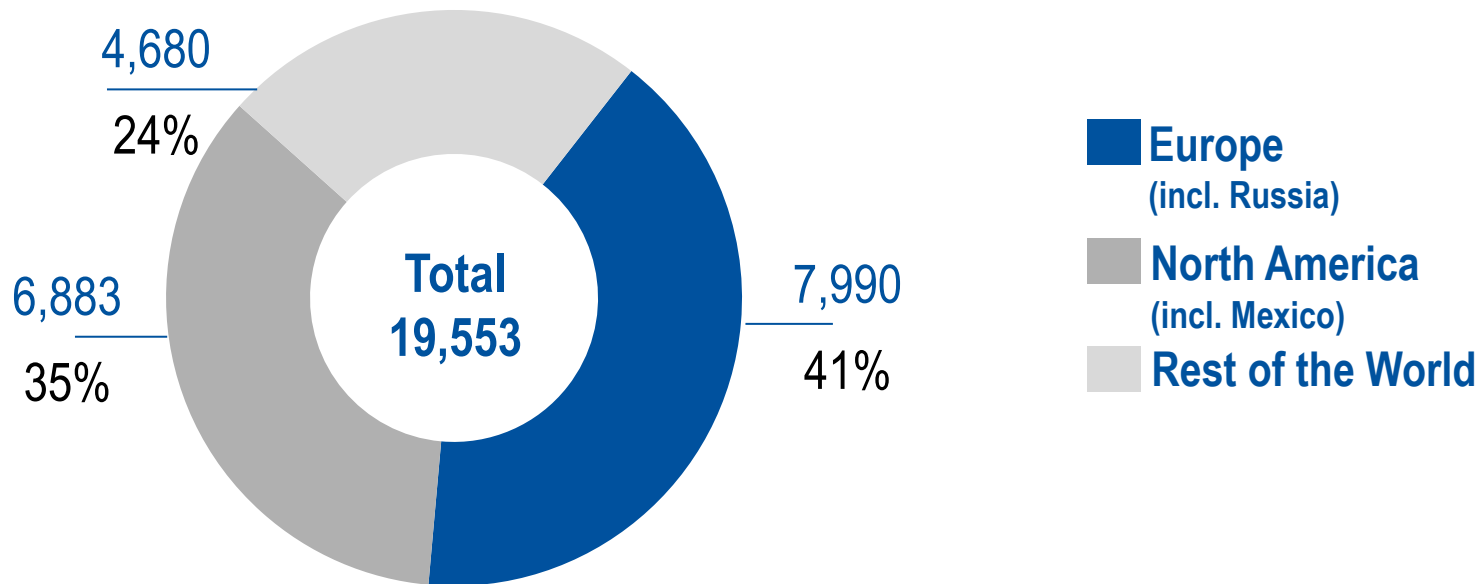
(in € millions and as a % of net sales)



A balanced regional Presence

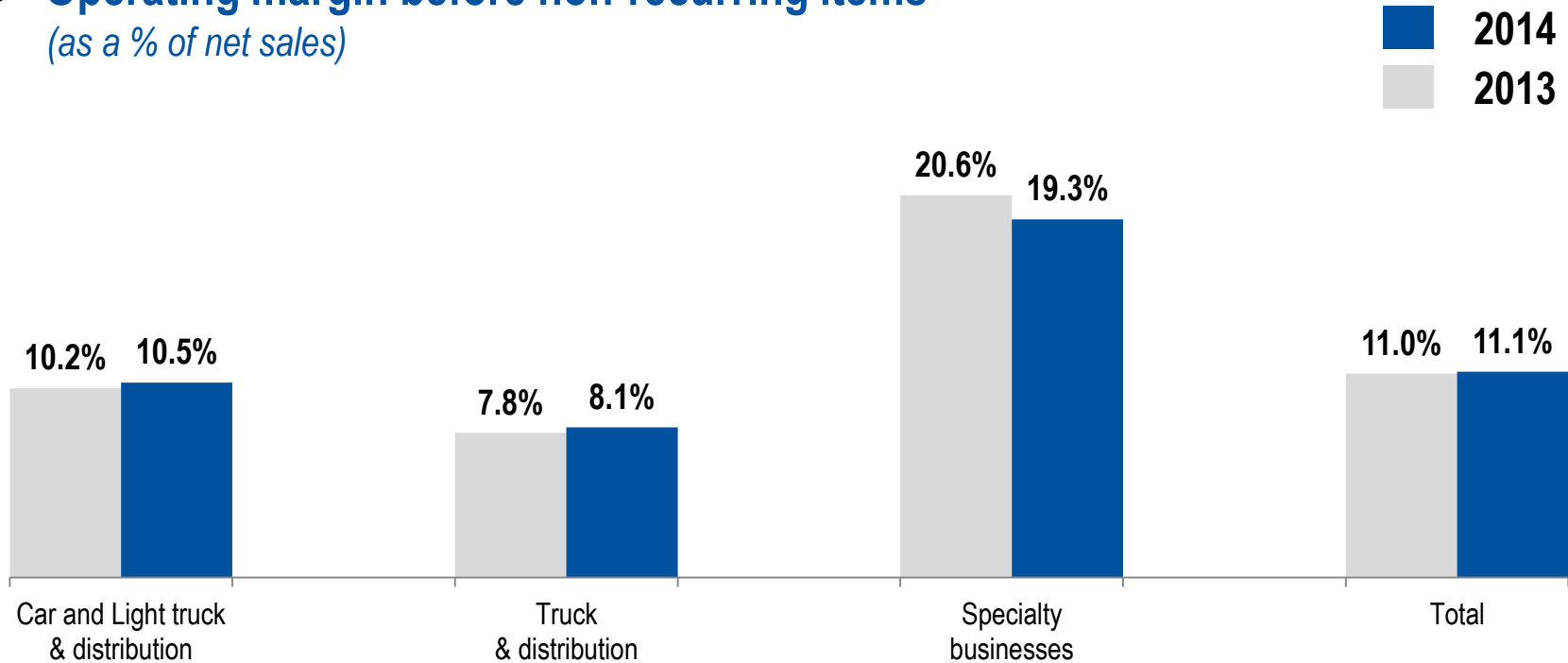
► 2014 Net sales by region

(in € millions and as a % of net sales)



Operating margin by reporting segment in line with objectives

▶ Operating margin before non-recurring items *(as a % of net sales)*



Strong position in the Passenger car Premium segment supporting Group's growth ambition

2014 Premium segment:

(referring to 17" and above tires)

- **42%** of MICHELIN brand Passenger car tire volume
- **72%** of the 253 OE technical certifications
- **26%** of the Passenger car global market

MICHELIN Pilot Sport Cup 2



MICHELIN Pilot Sport 3



MICHELIN Pilot Super Sport

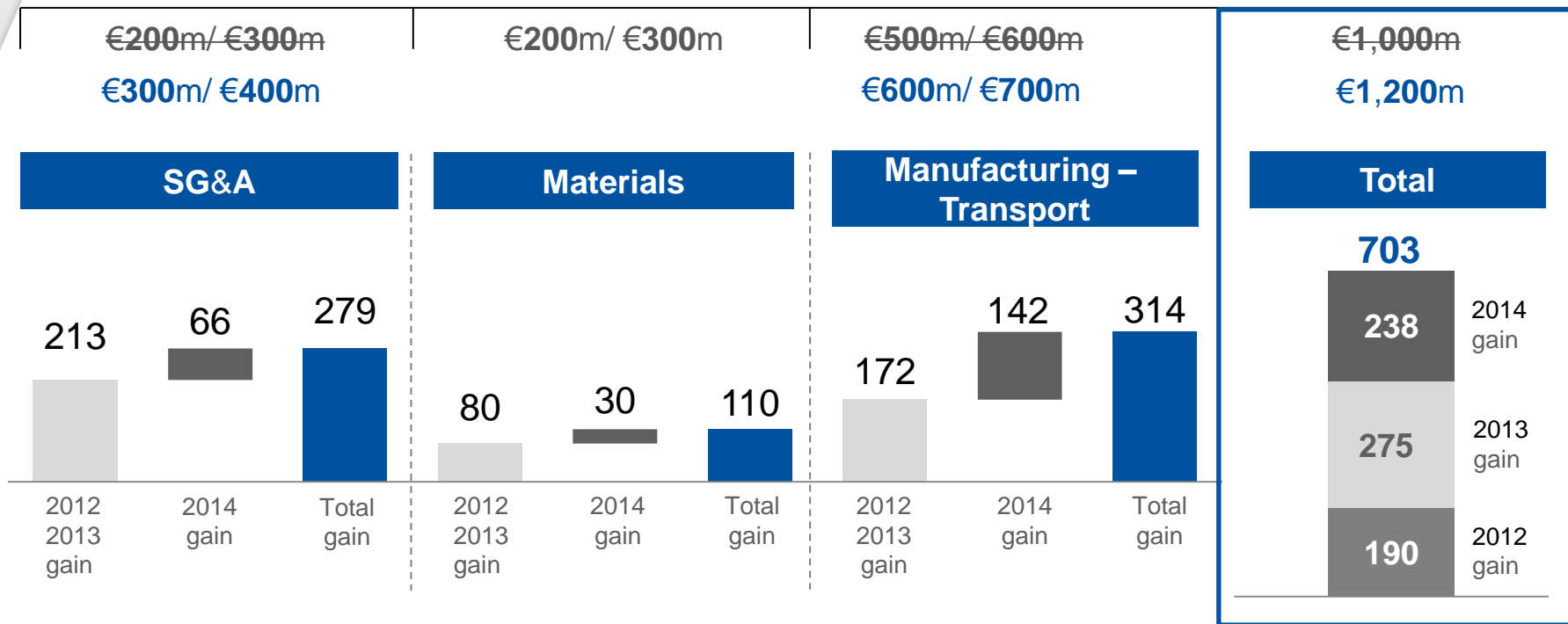


MICHELIN Primacy 3



Speeding up the 2012-2016 competitiveness plan: target raised to €1,200m

TARGETED GAINS*, 2012 – 2016



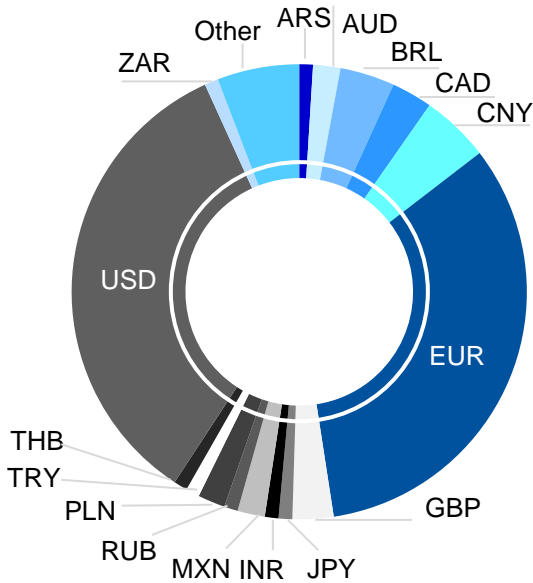
* Before inflation and including avoided costs

Moody's upgraded Michelin 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

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

2014 net sales by currency

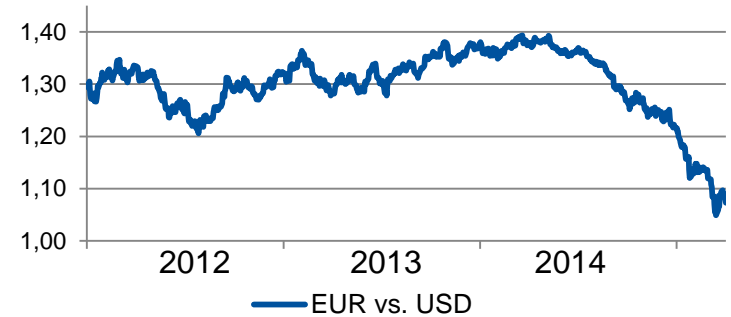


% of net sales	
ARS	1%
AUD	2%
BRL	3%
CAD	3%
CNY	5%
EUR	34%
GBP	3%
INR	1%
JPY	1%
MXN	2%
PLN	1%
RUB	1%
THB	1%
TRY	1%
USD	36%
ZAR	1%
Other	4%

EBIT sensitivity to €/€ exchange rate:

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

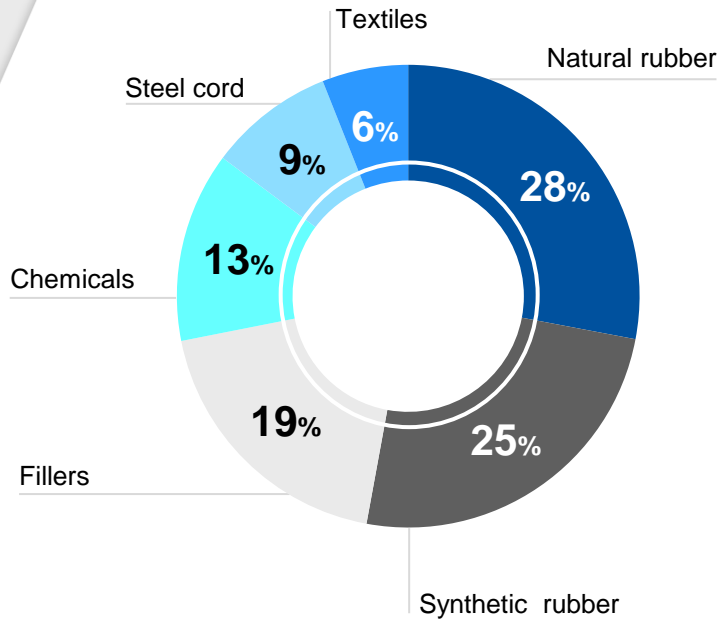
Forex Euro / USD – 12/31/2011 – 03/31/2015



Source: Thomson One

2014 Raw Material and price trends over Q1 2015

► Raw material purchases FY 2014 (€4,958m)

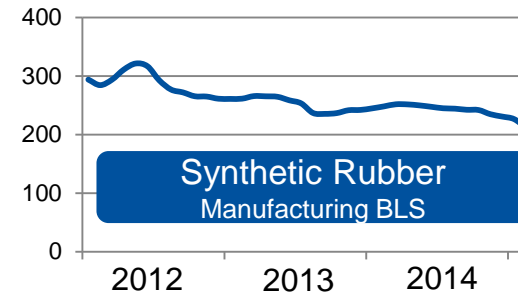
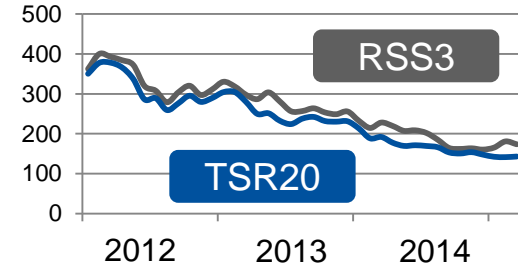
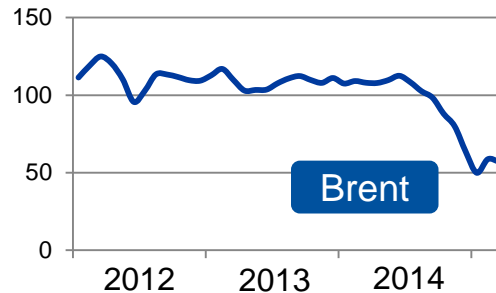


Forex €/\$:

Average Q1'14 : 1,37

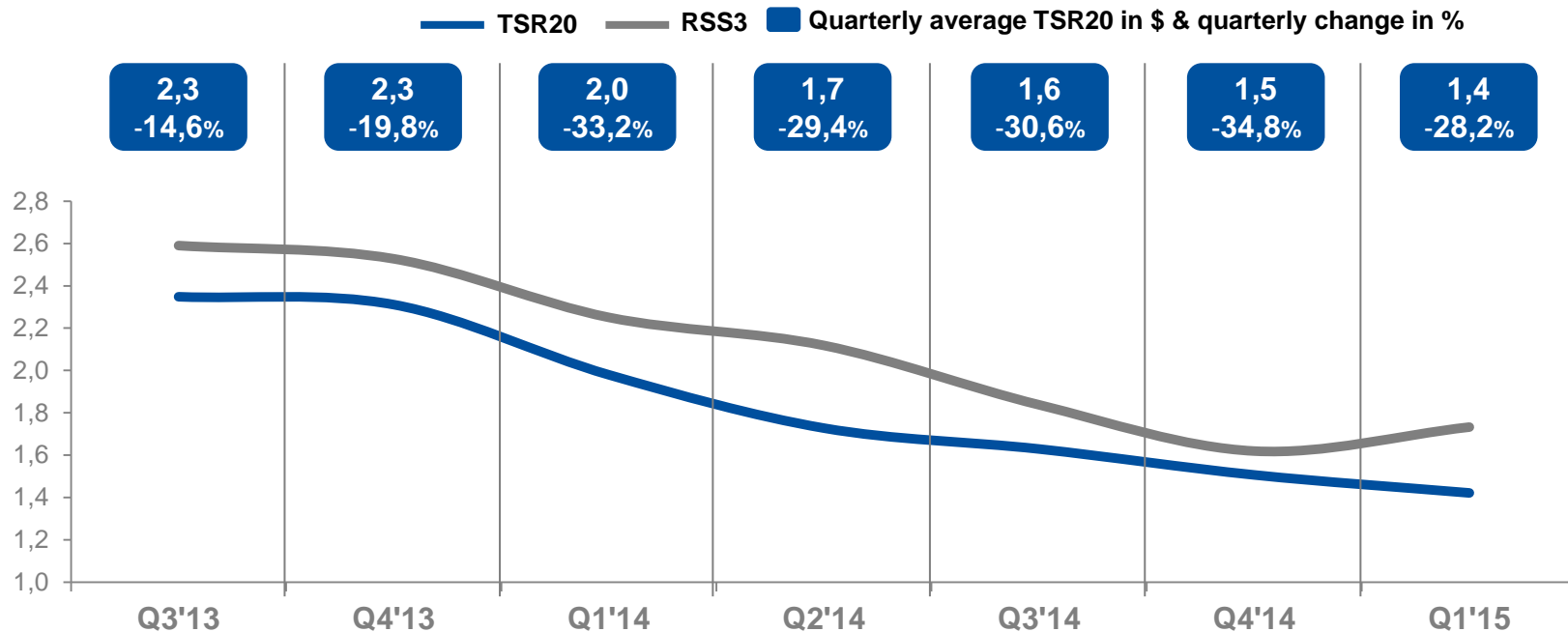
-17%

Average Q1'15 : 1,13



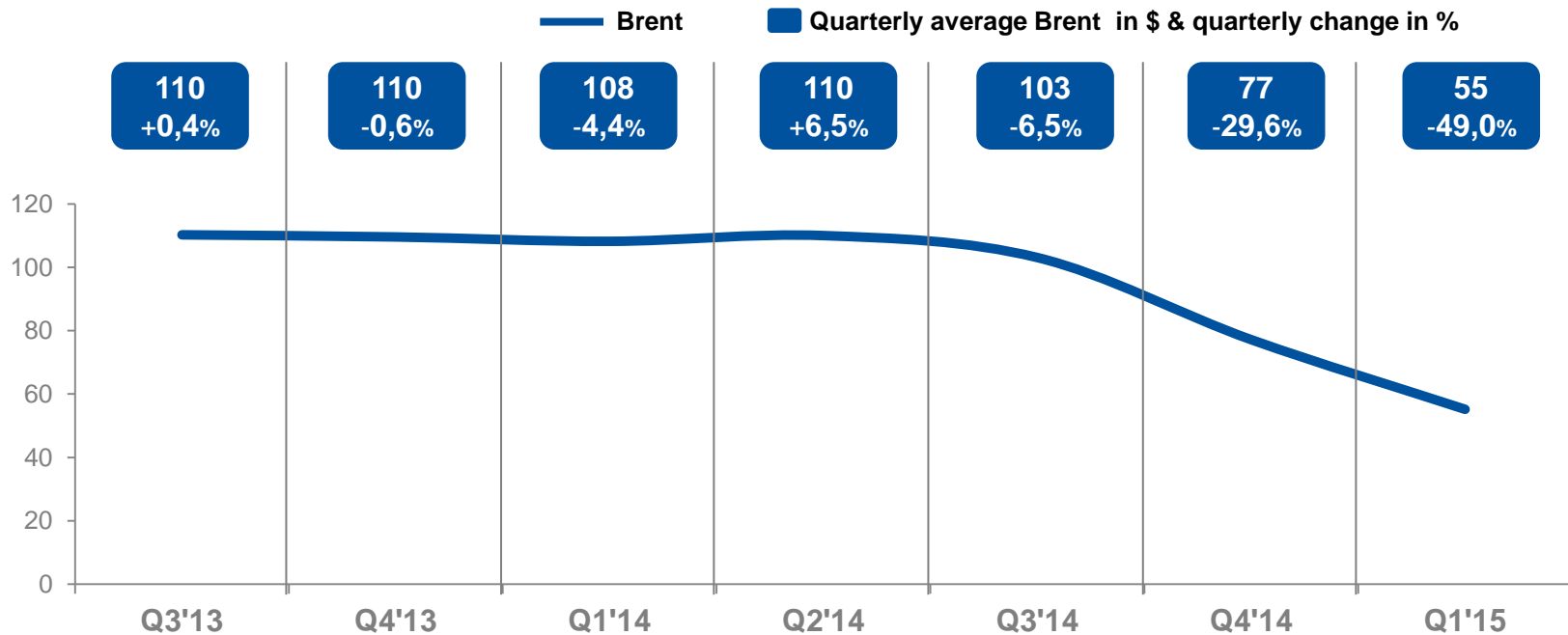
Natural Rubber price (USD/kg)

At end of March 2015

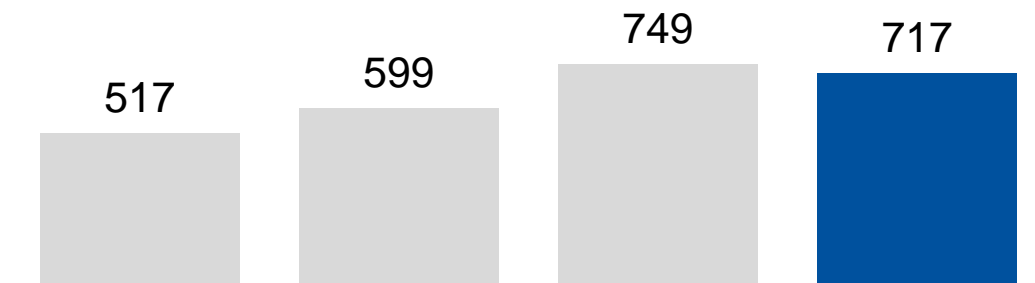


Brent Price (USD/barrel)

At end of March 2015



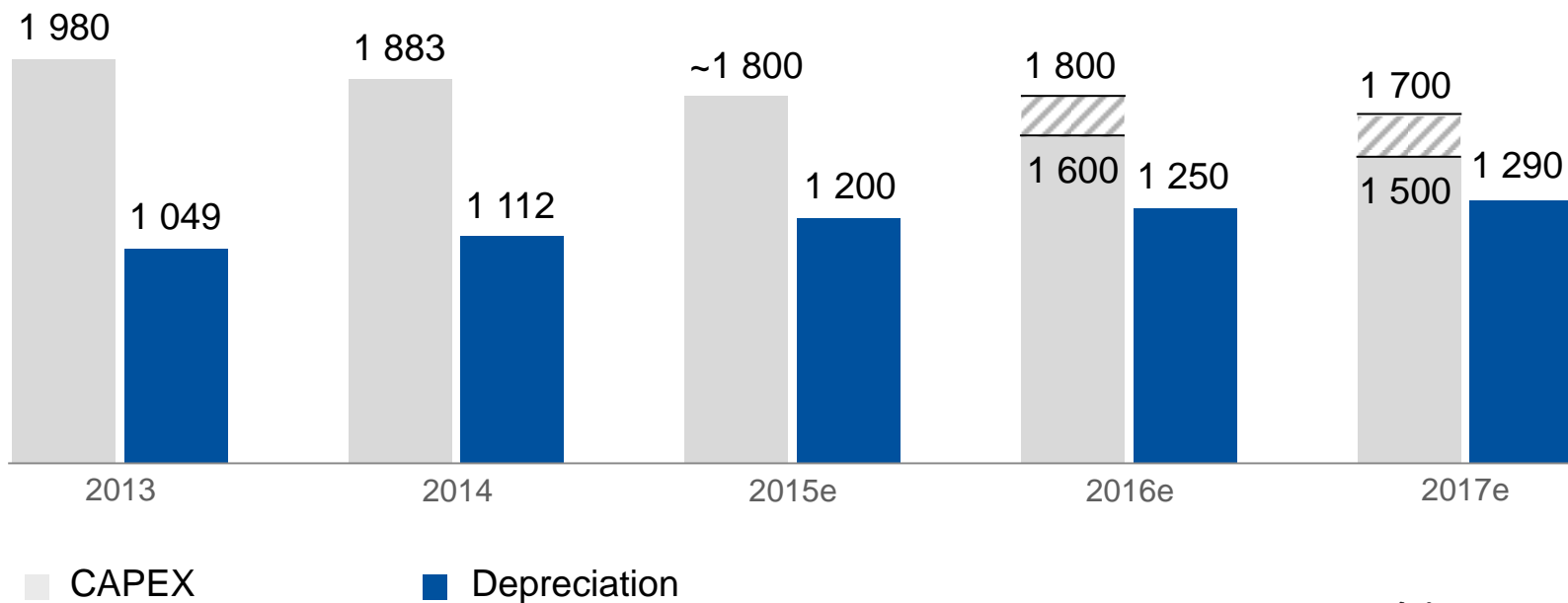
State-of-the-art management process that structurally generates Free Cash Flow



<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

2015 CAPEX adjusted due to forex

► Capital expenditure and depreciation (In € millions)



Production ramp up on schedule to foster volume growth in emerging markets

- **Brazil** (*Premium MICHELIN brand Car and Light truck tires*)
 - Production ramp-up from **18KT** at end-2014 to **28KT** end-2015
- **India** (*MICHELIN radial Truck tires*)
 - Production ramp-up from **11KT** at end-2014 to **16KT** end-2015
- **China** (*Premium MICHELIN brand Car and Light truck tires and MICHELIN radial Truck tires*)
 - Production ramp-up from **53KT** at end-2014 to **90KT** at end-2015



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"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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