

Credit Investor Update

May 18, 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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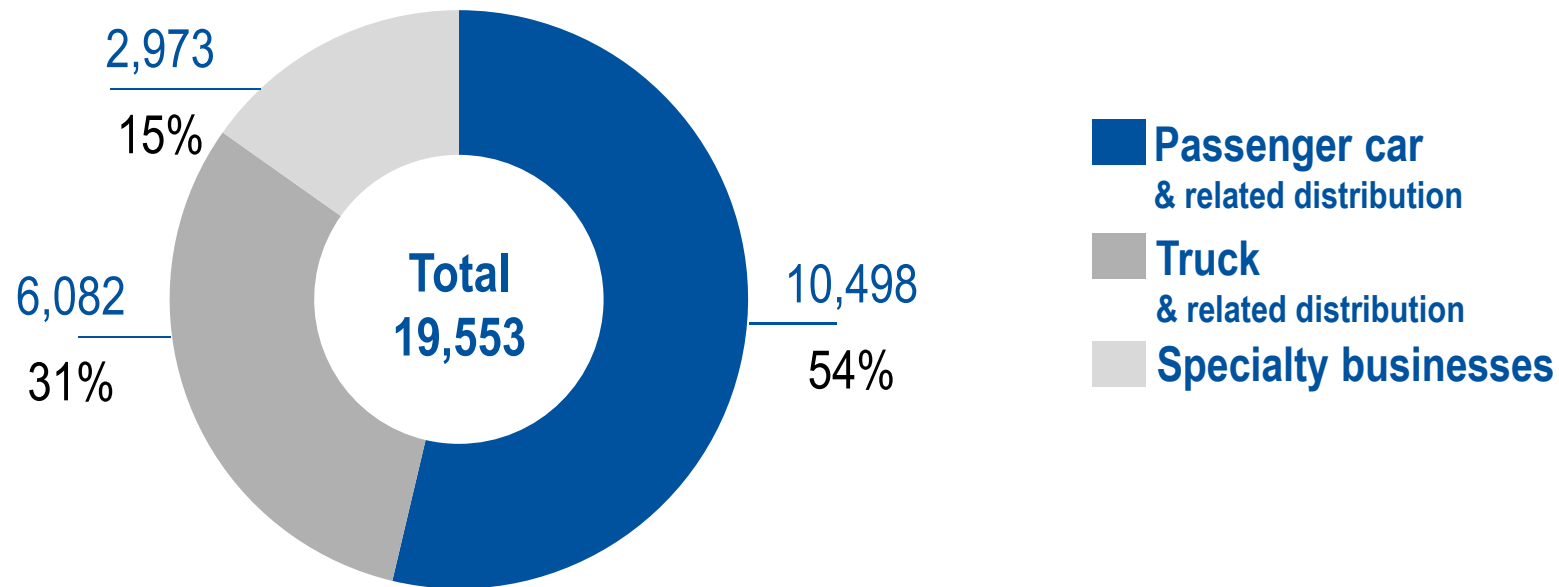
FY14 Achievements

Solid results in generally sluggish markets

- Volumes up by a slight 0.7%:
 - in an environment shaped by slower market growth
 - shortfall in the supply chain reactivity and strong pressure on Tier 2 brands
 - MICHELIN brand growing in line with markets
- Operating income before non-recurring at €2,170m, up €81m at constant scope of consolidation and exchange rates
- €118m positive impact from effective price mix vs. raw materials management, as expected
- Competitiveness plan absorbing the effects of inflation on production costs and overheads
- Strong structural free cash flow generation: €717m

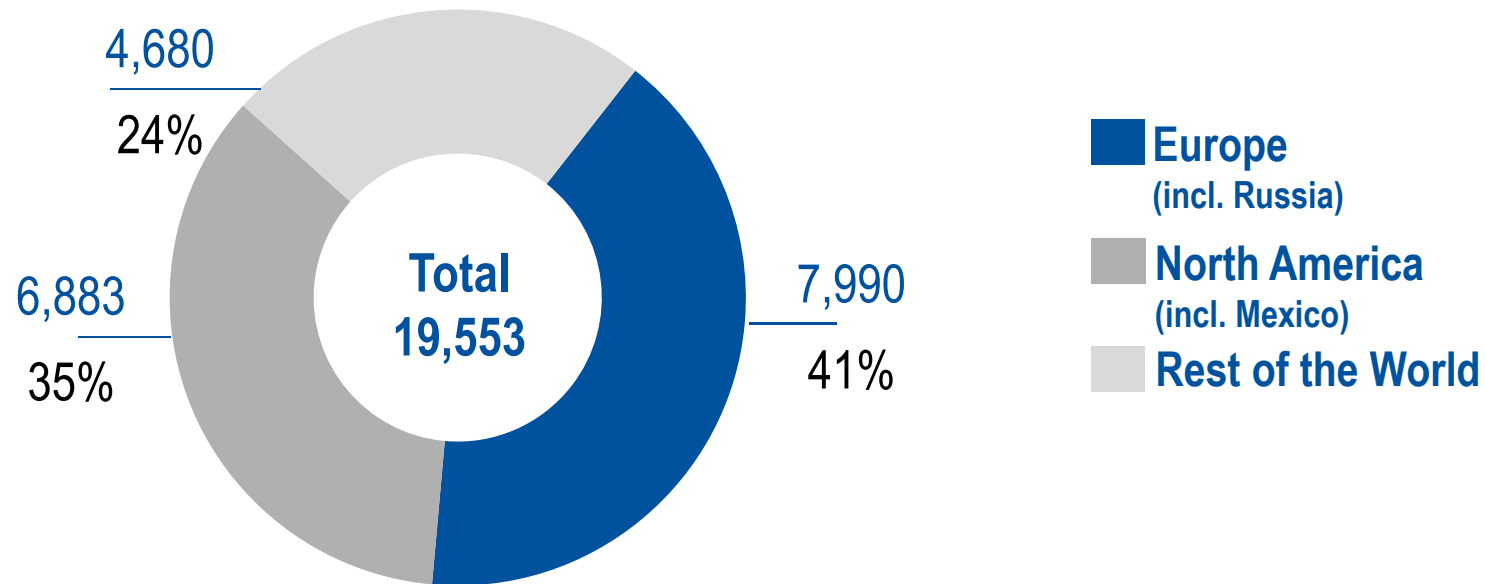
Diversification across all tire businesses

► **2014 Net sales by business**
(in € millions and as a % of net sales)



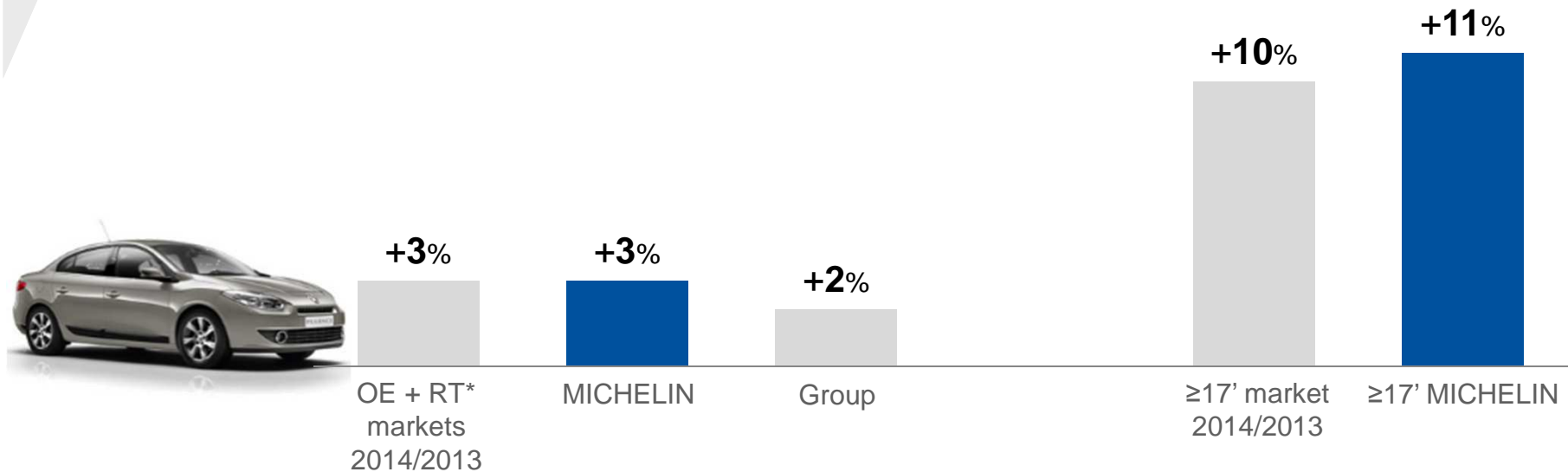
A balanced regional Presence

► **2014 Net sales by region**
(in € millions and as a % of net sales)



Passenger car/Light truck: resilient performance by the MICHELIN brand and improved product mix in a challenging market environment

► Passenger car/Light truck - Growth (in tonnage and number of tires, YoY change)



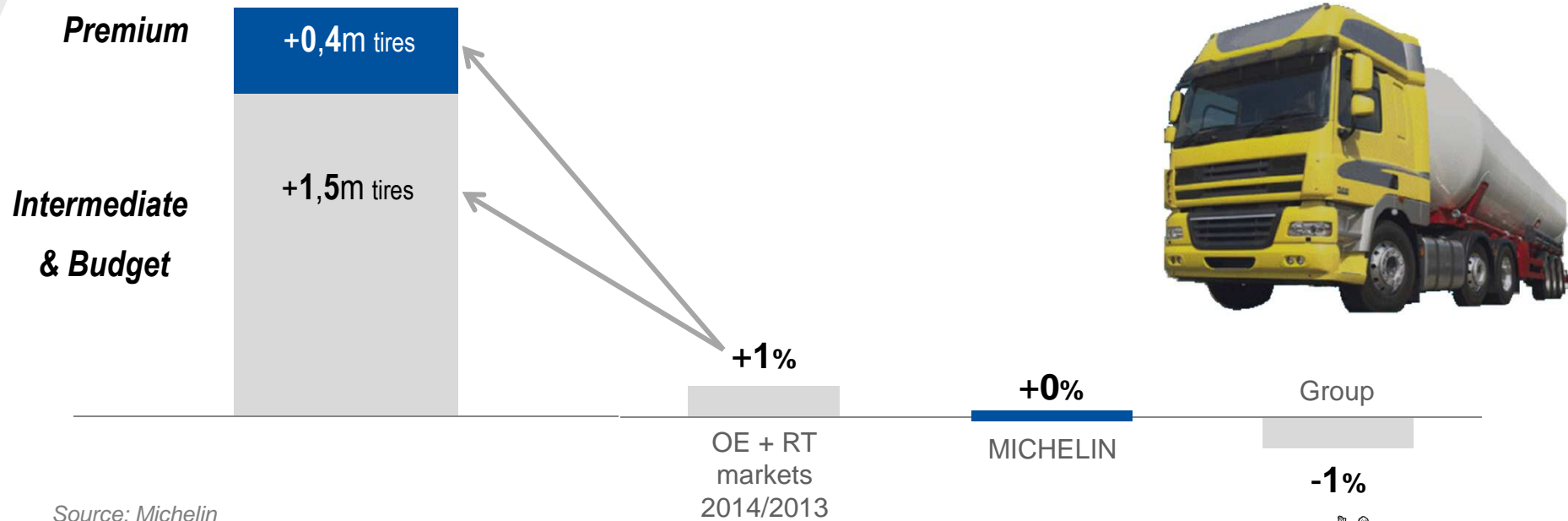
Source: Michelin

* OE : Original Equipment
RT : Replacement

Truck: resilient MICHELIN brand in a market boosted by strong growth in the Intermediate and Budget segment

► Truck - Growth

(in tonnage and number of tires, YoY change)

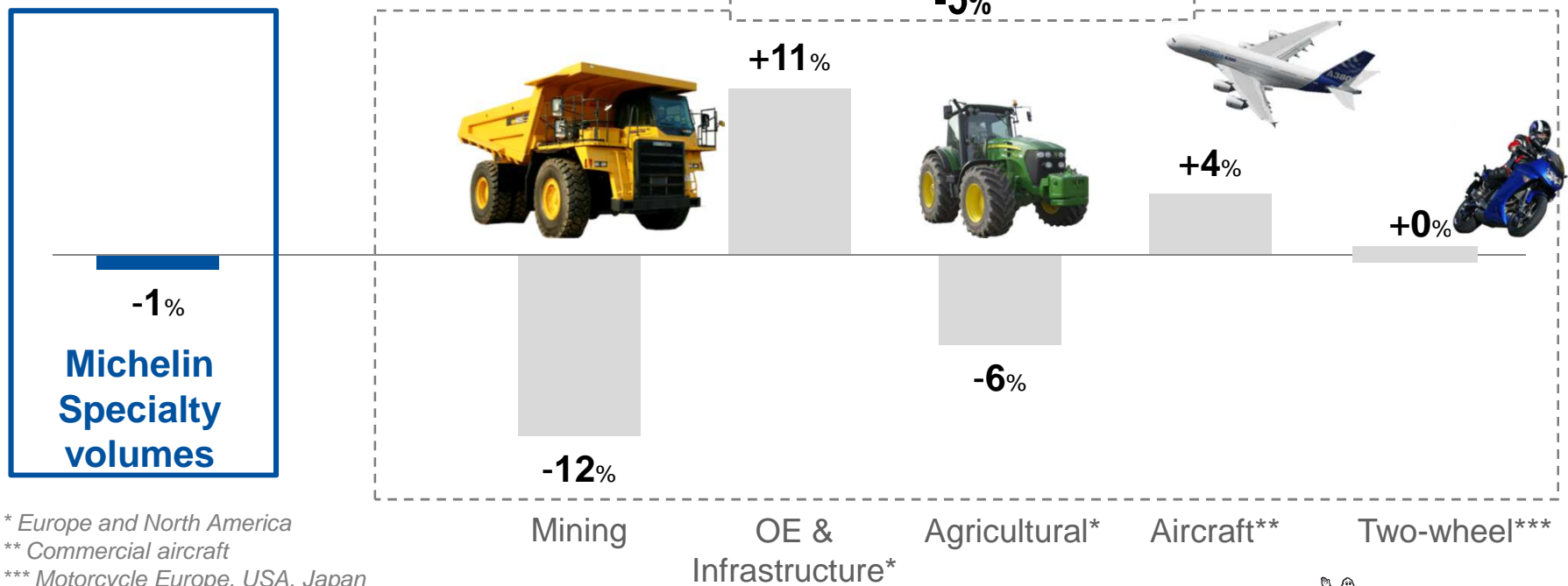


Source: Michelin



Specialty tires: volumes nearly stable despite mining tire inventory drawdowns and weaker demand for Agricultural tires

► Specialty volumes vs. markets (% change YoY)



* Europe and North America

** Commercial aircraft

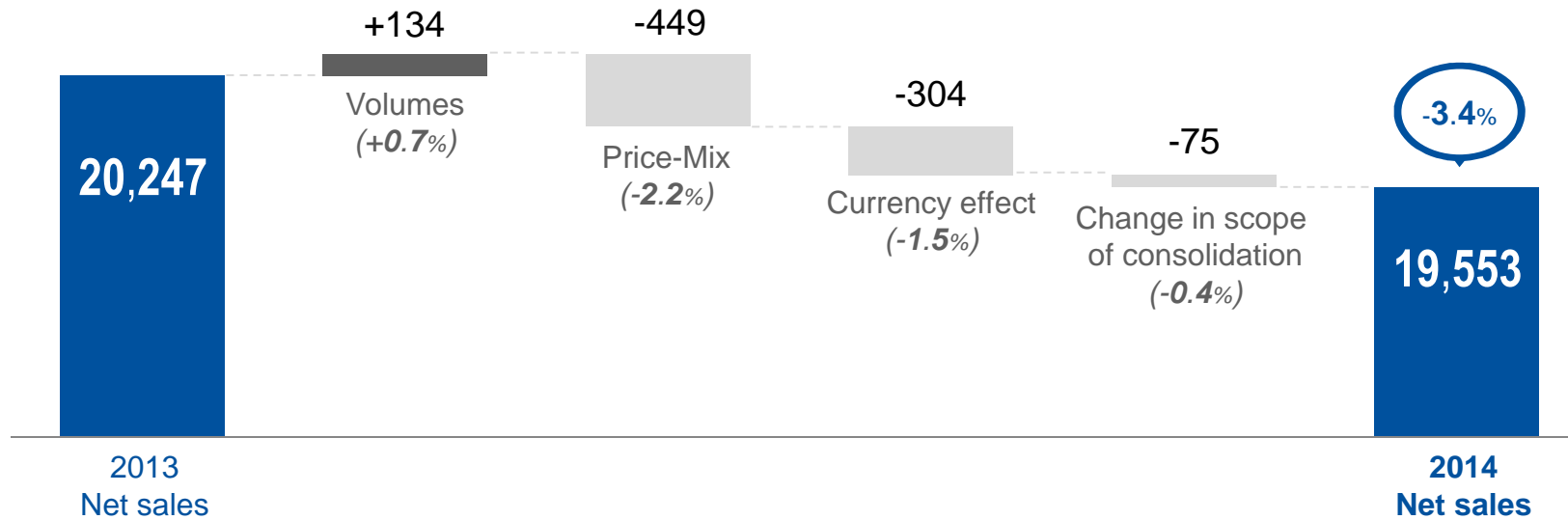
*** Motorcycle Europe, USA, Japan

Source: Michelin



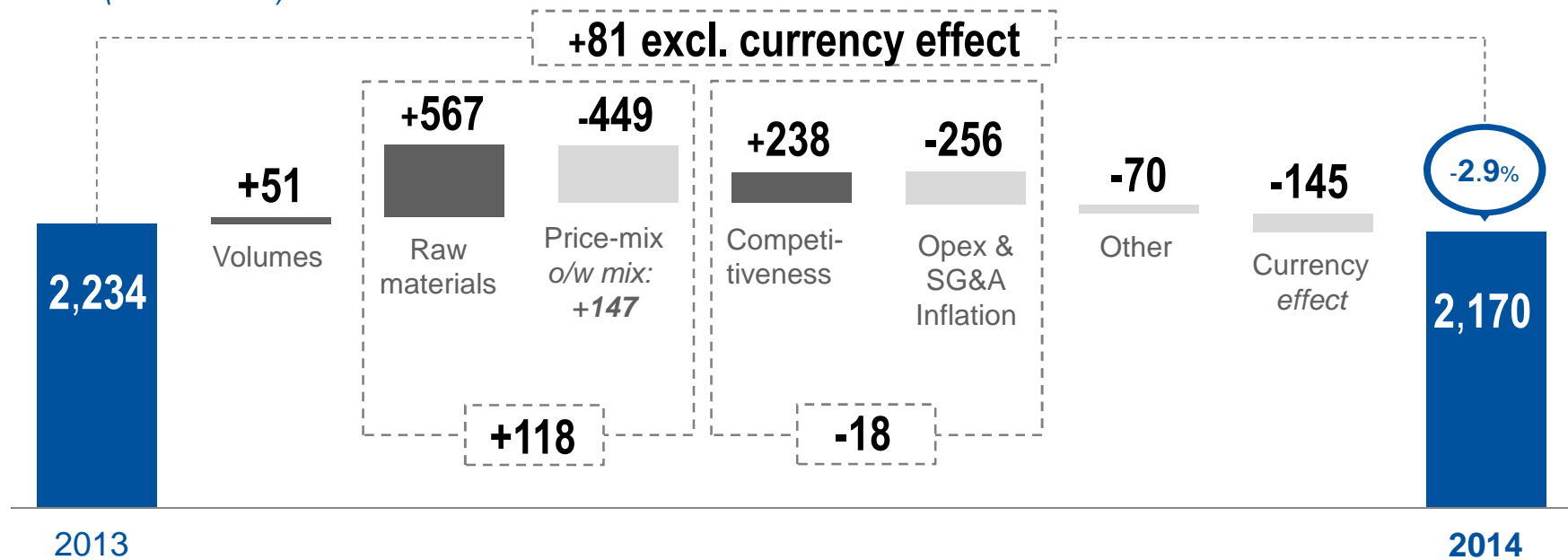
Net sales: slightly higher unit sales

► YoY change (in € millions)



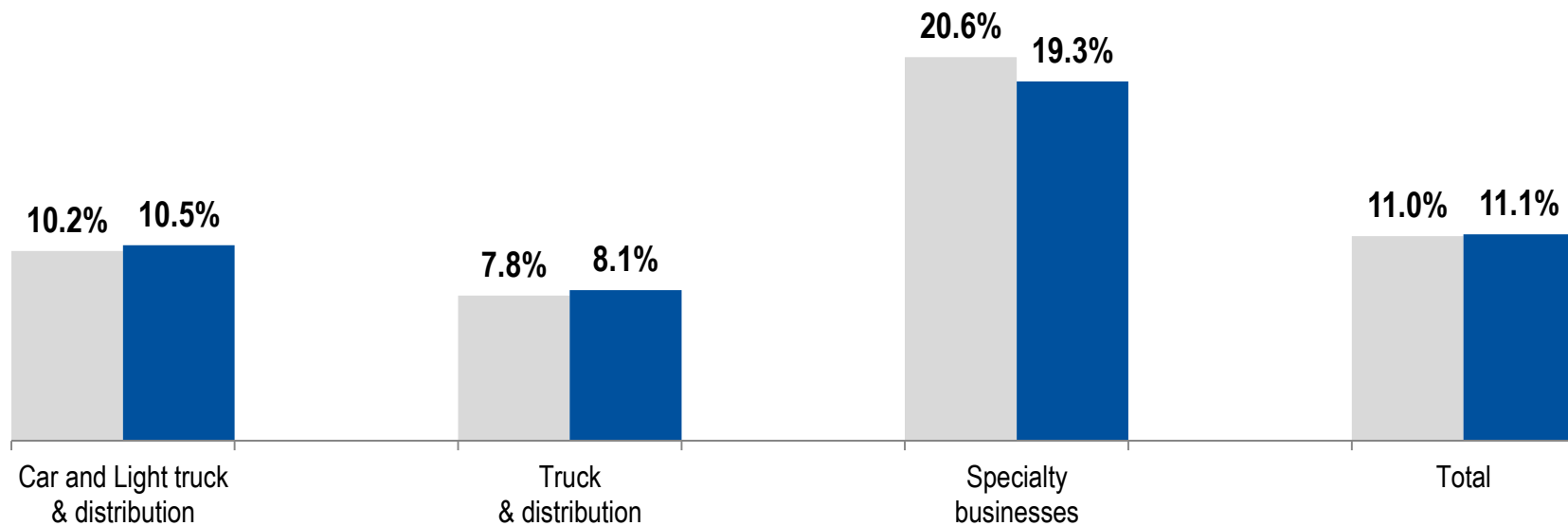
Operating income before NR up by €81m before currency effect: effective price-mix vs. raw materials management and good cost discipline, as expected

► YoY change
(in € millions)



Operating margin by reporting segment in line with objectives

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



■ 2014
■ 2013

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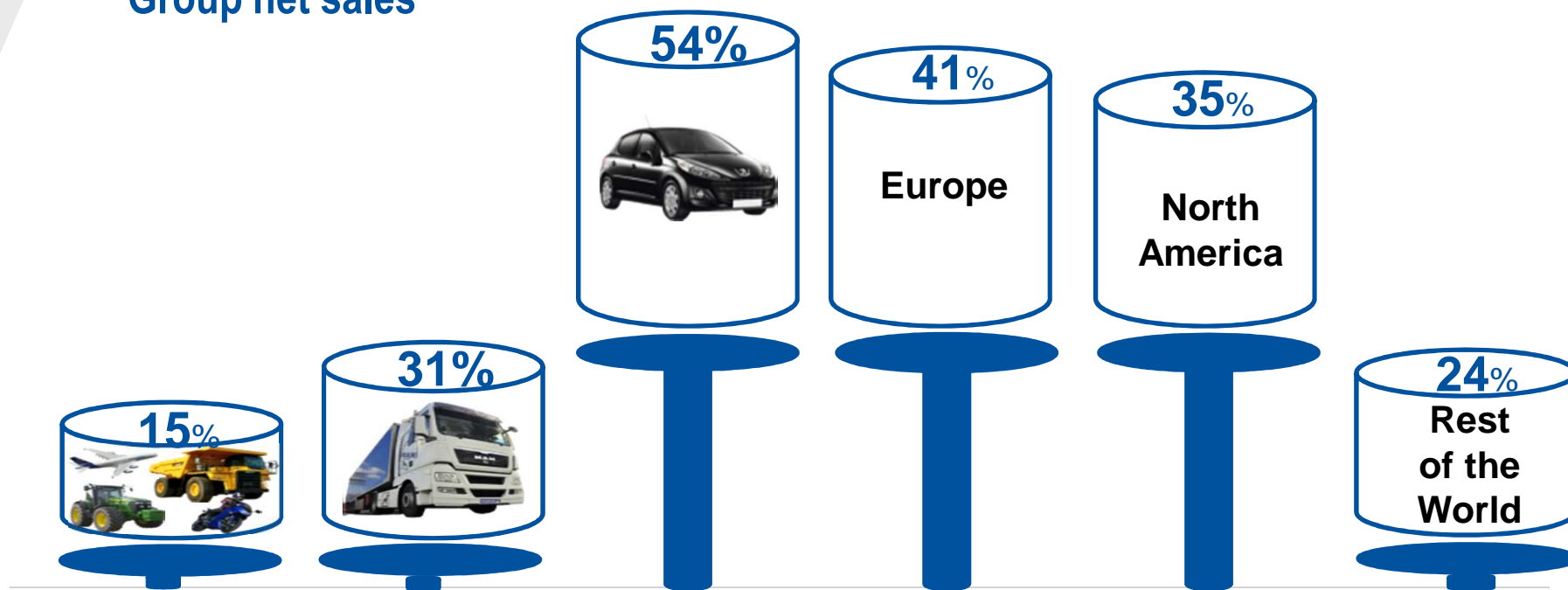
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Michelin's Unique Competitive Advantages



A global balanced presence in every tire business

- ▶ Net sales by reporting segment and by geographic zone as a % of 2014 Group net sales



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



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

2014 Premium segment: (referring to 17" and above tires)

- **42%** of Group 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



A continuing innovation flow showcasing MICHELIN technology leadership

PREMIER® line with EverGrip™ technology



MICHELIN CrossClimate



MICHELIN X-STRADDLE 2



Tweel



REGENION™



X Multi X Incity, X Line

MICHELIN X® Multi™ Z and X® Multi™ D













MICHELIN XDR 250



Michelin is the market leader in every highly profitable Specialty tire business

Market leader

Earthmover	 In radials
Mines	 (co-leader)
Original Equipment	 (co-leader)
Infrastructure	
Agricultural	 in Europe
Original Equipment	 in Europe
Replacement	  in Europe
Two-Wheel	 (co-leader) in mature markets
Aircraft	

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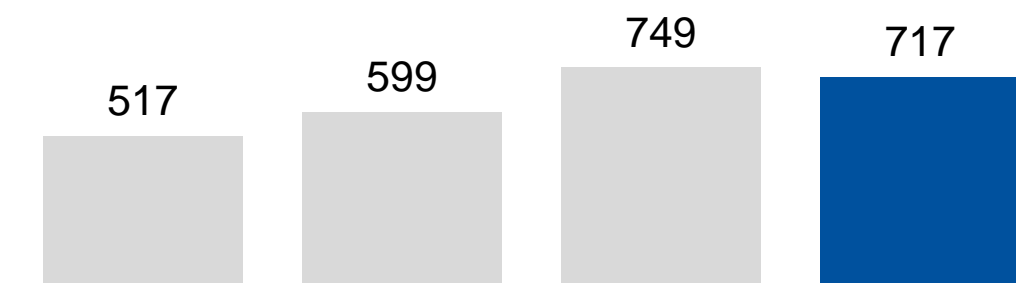
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A Sound Financial Profile



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



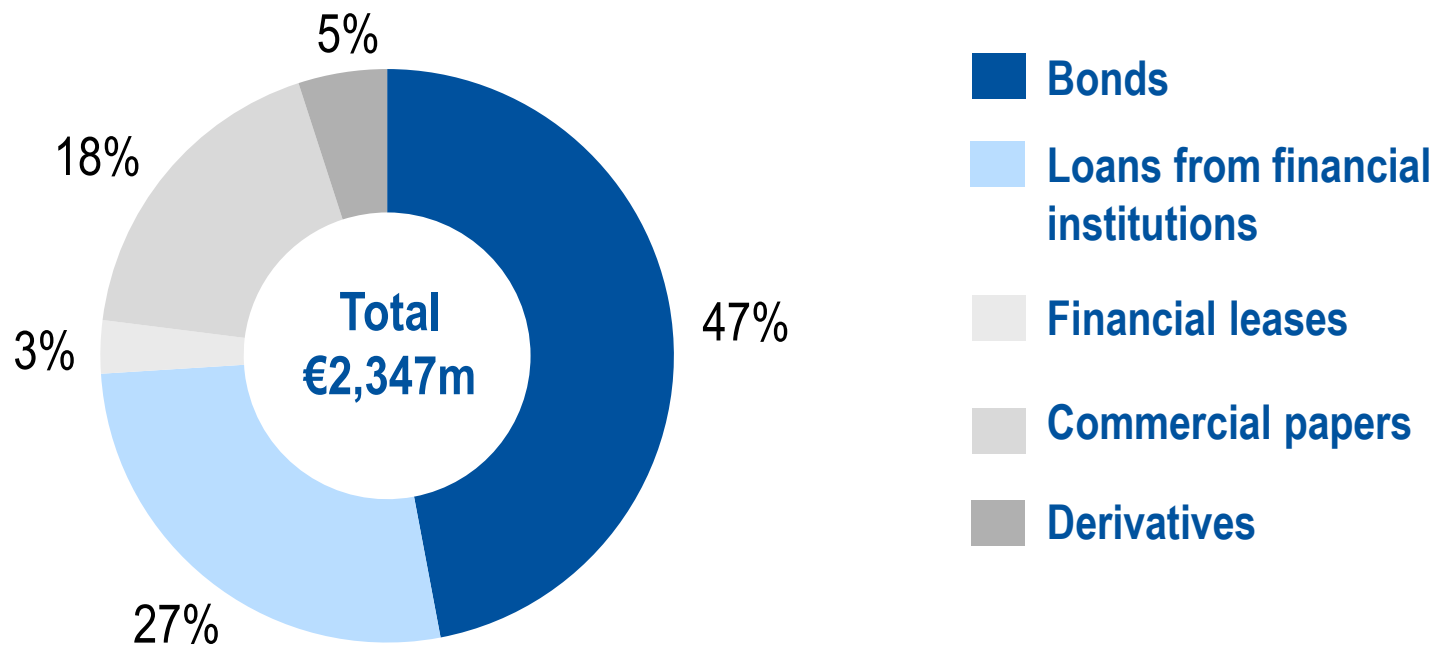
<i>In € millions</i>	2011	2012	2013	2014
Reported free cash flow ⁽¹⁾	(19)	1,075	1,154	322
WCR impact of raw materials costs ⁽²⁾	(739)	21	405	177
Year-end volume effect on WCR ⁽³⁾	(200)	344	nm	(172)
Non-recurring items⁽⁴⁾	403	111	-	(400)
Structural free cash flow ^{(1) - (2) - (3) - (4)}	517	599	749	717

Cash and liquidity reserve

- €1,167m of cash & cash equivalents and €313m of cashmanagement 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

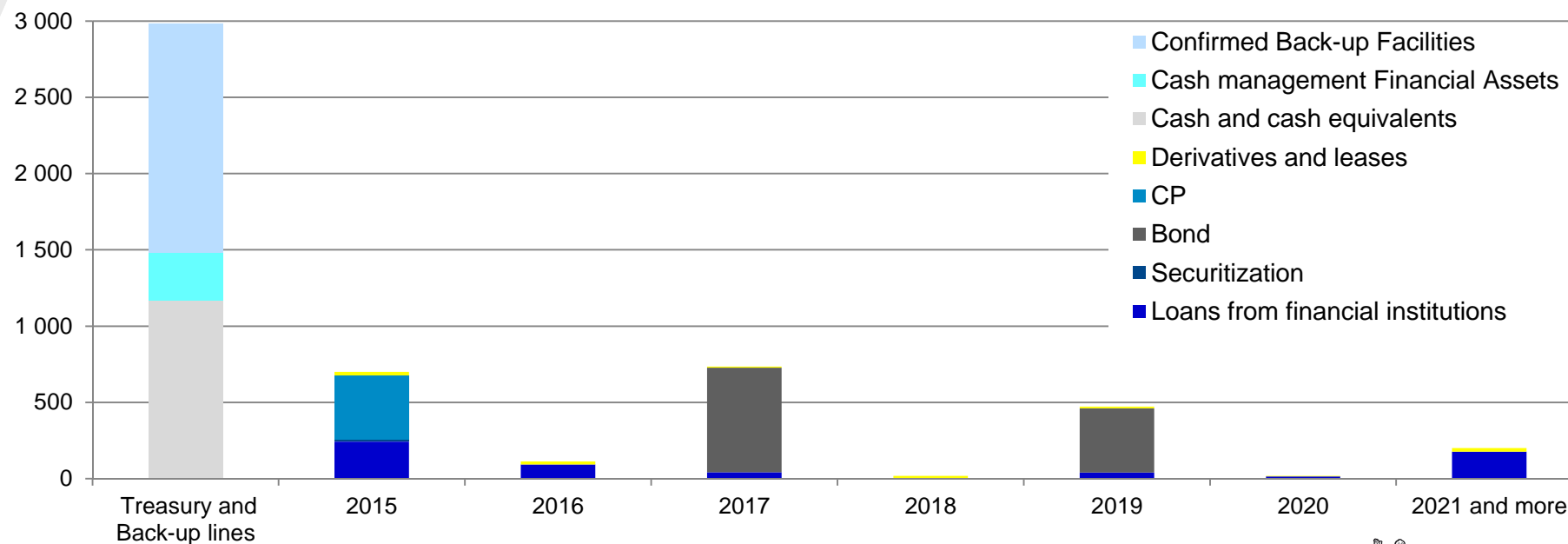
► Gross Debt by Financing Type as at December 31, 2014



Low overall debt and smooth redemption profile

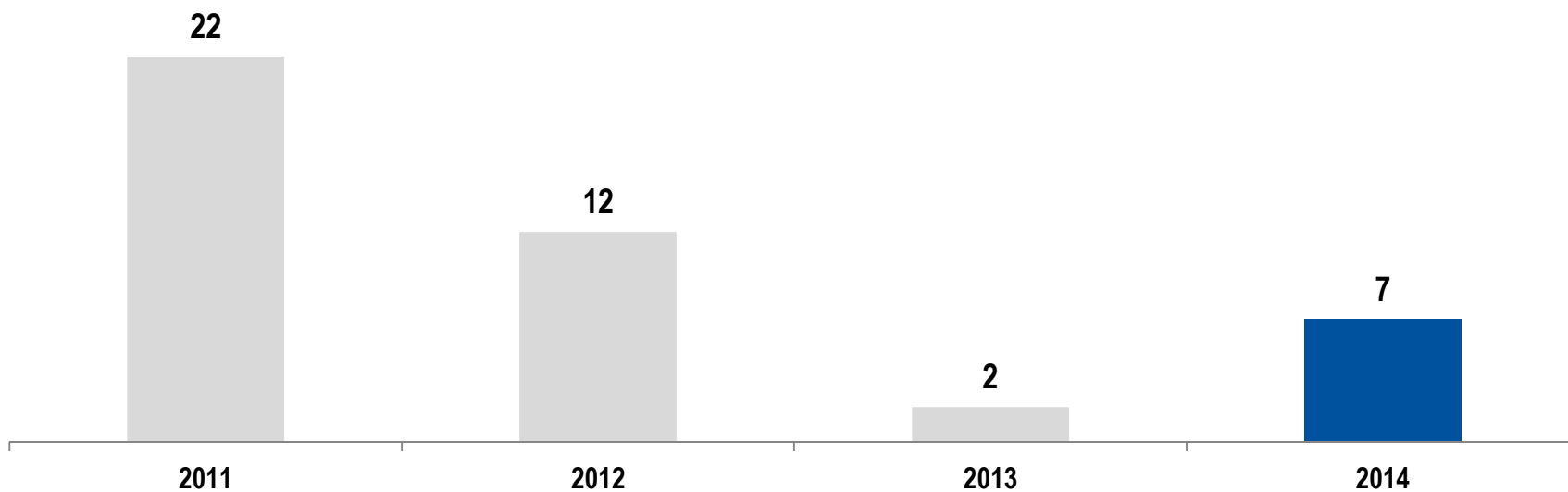
▶ Debt maturities at December 31, 2014

(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

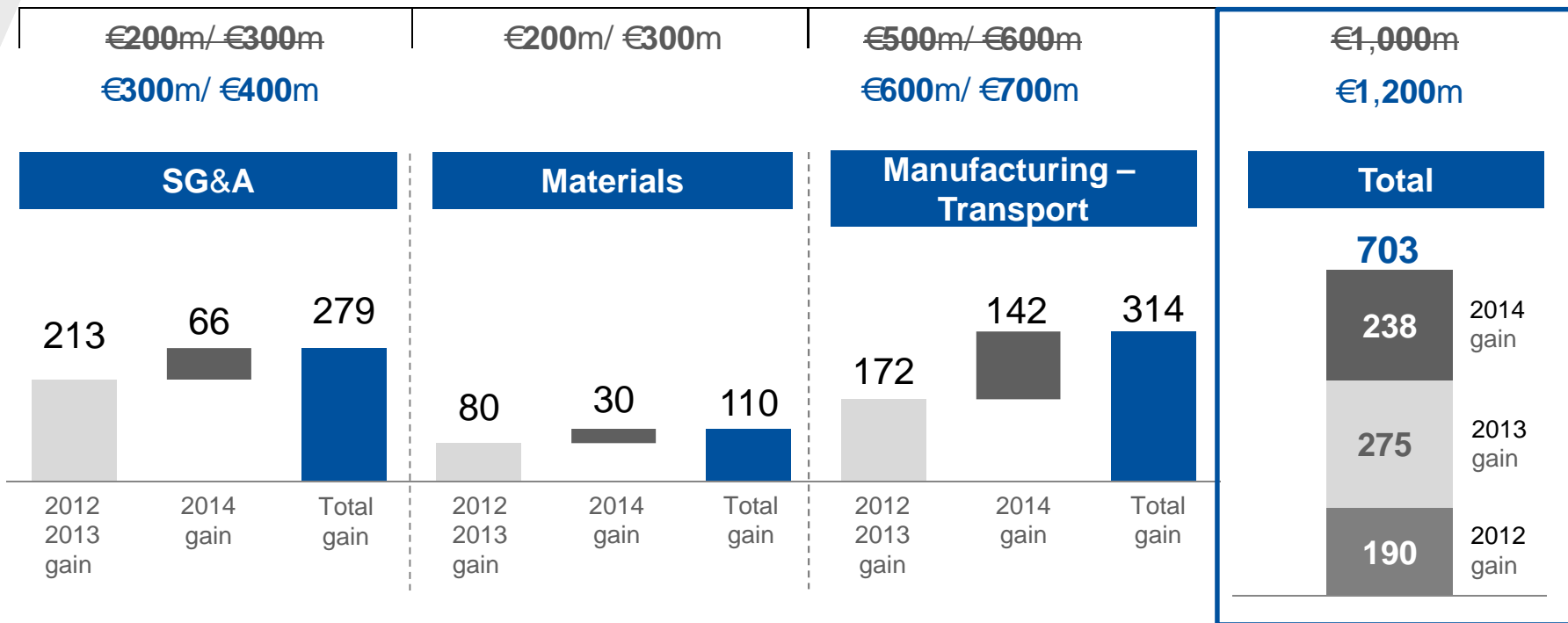


2015 guidance confirmed: growth in line with the markets and EBIT before non recurring items up excluding any currency effects

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

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

TARGETED GAINS*, 2012 – 2016

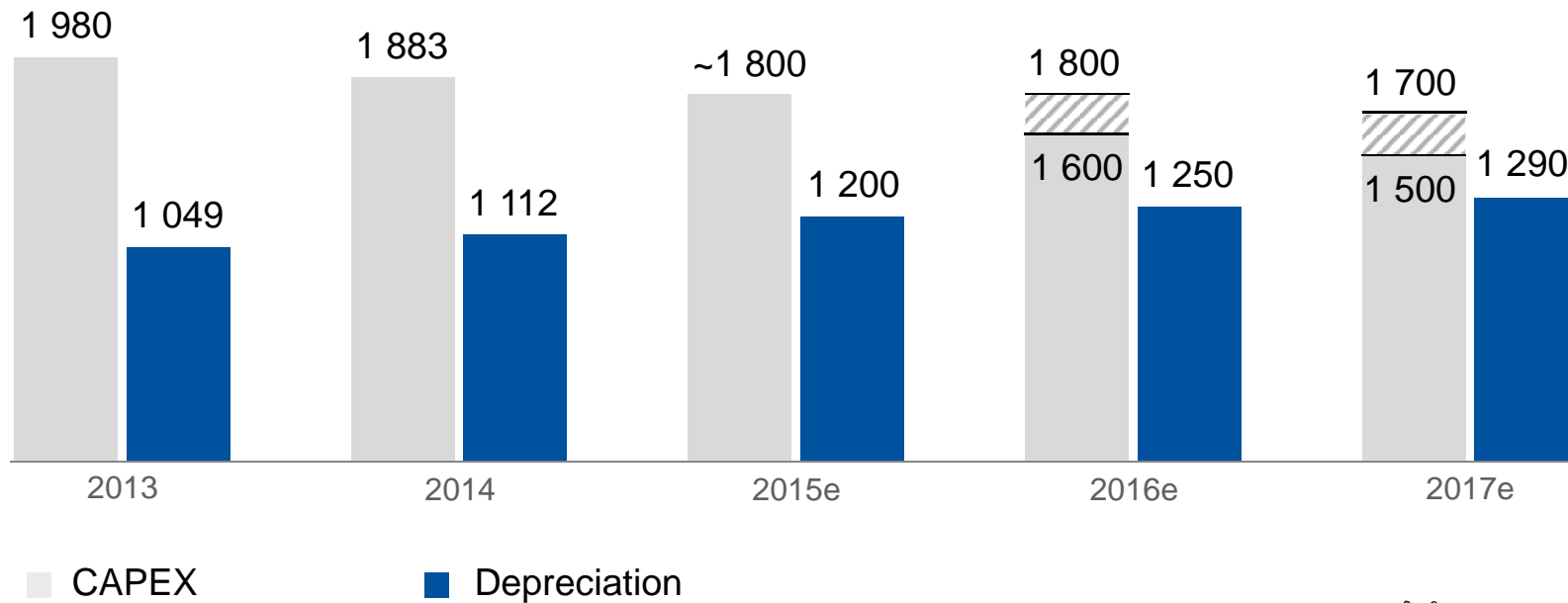


* Before inflation and including avoided costs



Gradual capital expenditure adjustment to improve asset turnover

► Capital expenditure and depreciation (In € millions)



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

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



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Indicative Terms For The Contemplated Transaction

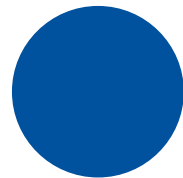


Indicative Terms for the Contemplated Transaction

Issuer	MICHELIN LUXEMBOURG SCS
Guarantor	Compagnie Financière du groupe Michelin "Senard et Cie"
Type	– Senior Unsecured Bond
Expected issue ratings	– A3 (Moody's) / BBB+ (S&P)
Maturities	– 3 tranches : 7-year, 12-year and a longer-dated tranche
Size per tranche	– €300 million, €300 million, €300 million
Documentation	– Standalone / Luxembourg listing / English law / Change of Control / MWC / 3-month par call
Global Coordinator, Structuring Advisor & Active Bookrunner	– Crédit Agricole CIB
Structuring Advisor & Active Bookrunner	– Deutsche Bank
Active Bookrunners	– HSBC – MUFG – NATIXIS

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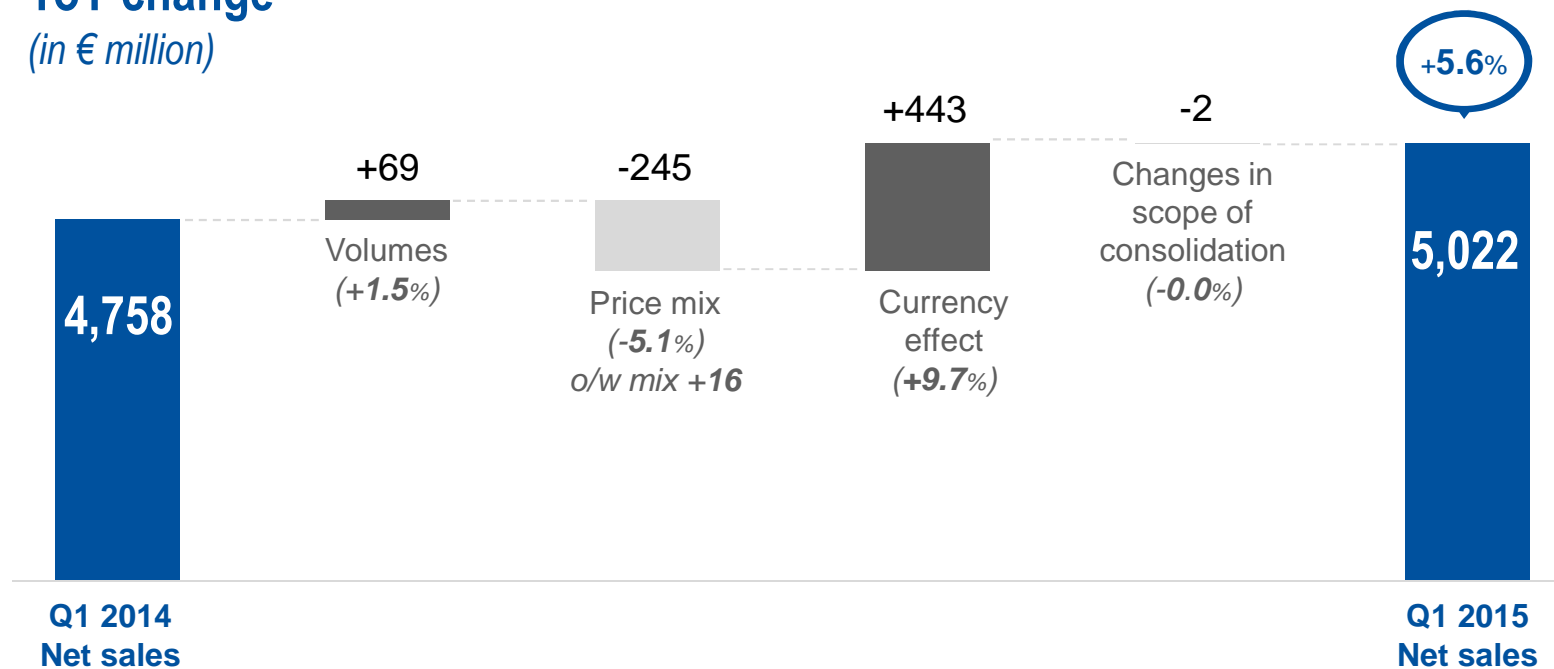


Appendices



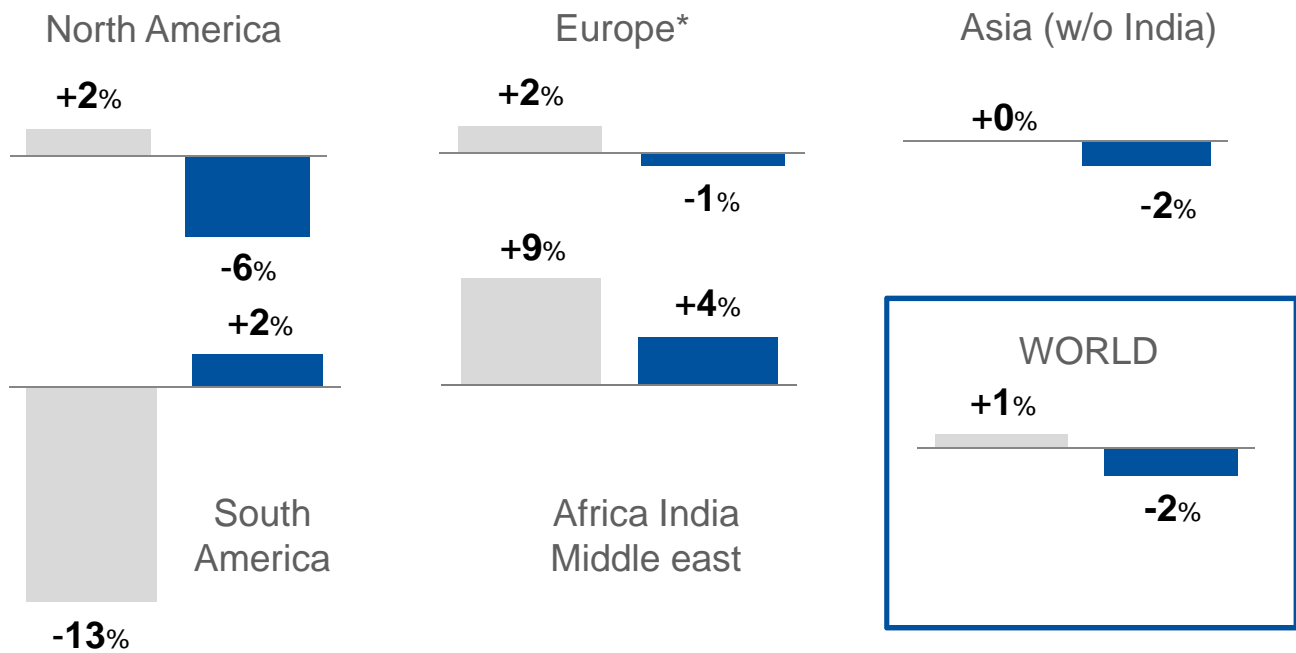
Q1 2015 : Net sales up 5.6%, of which 1.5% due to higher volumes

► YoY change (in € million)



2015 Q1 Car & Light truck markets

▶ YoY change, in number of tires



OE
 Replacement

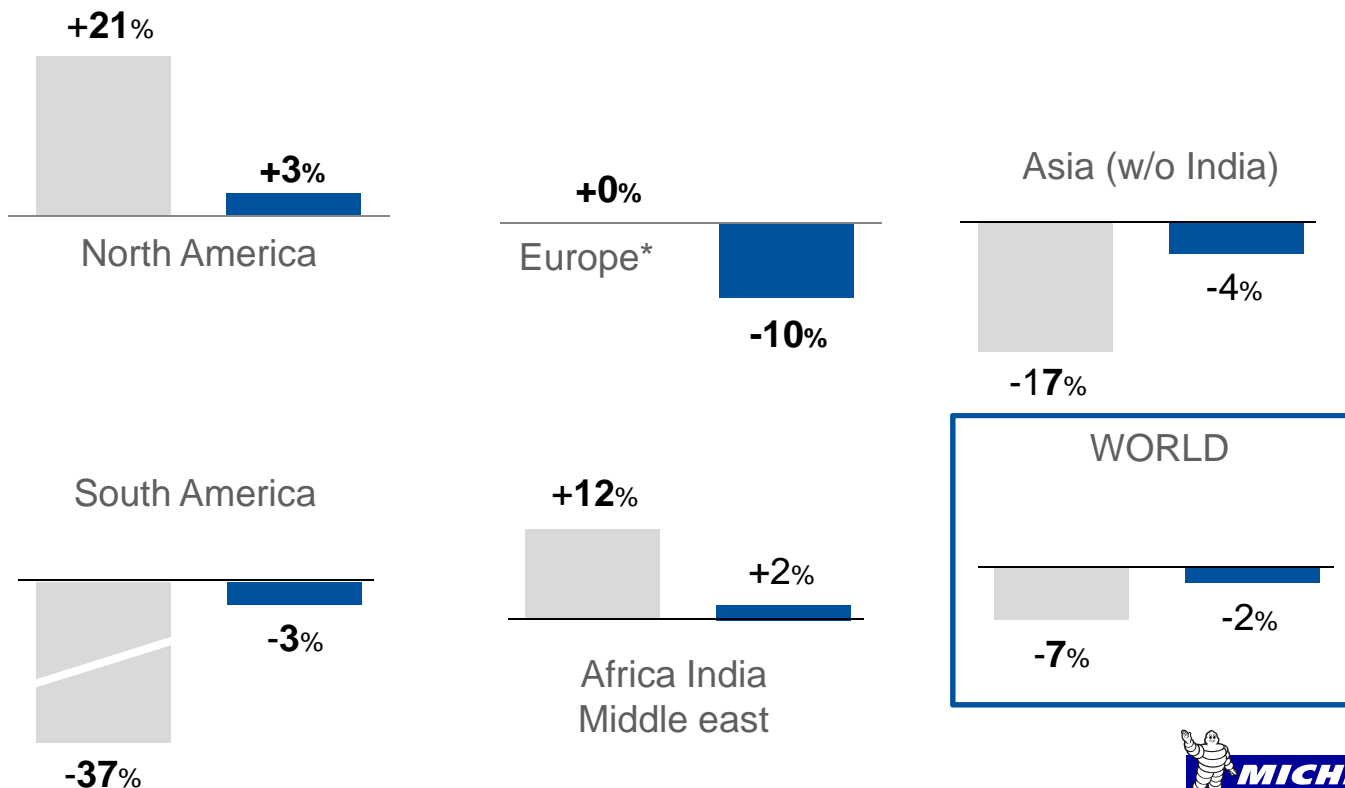
* Including Russia and Turkey

Source : Michelin



2015 Q1 Truck markets

▶ YoY change, in number of new tires



OE
 Replacement

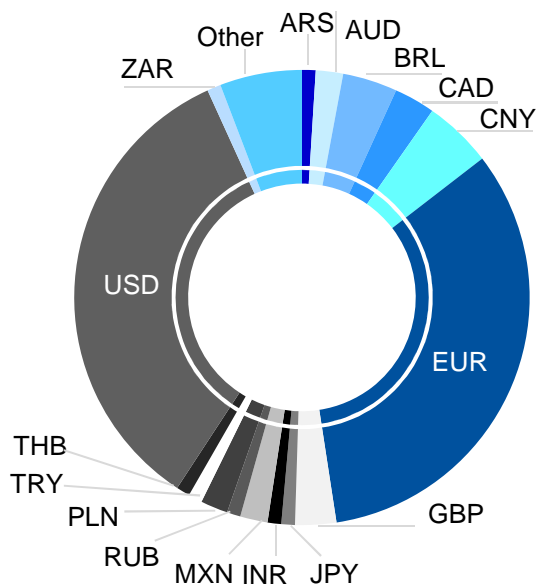
* Including Russia and Turkey

Source : Michelin



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

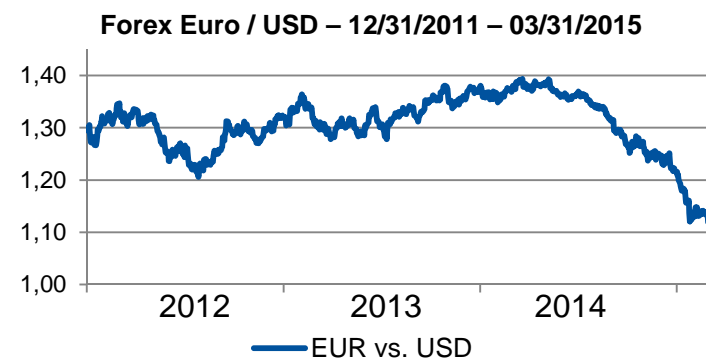
2014 net sales by currency



% 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

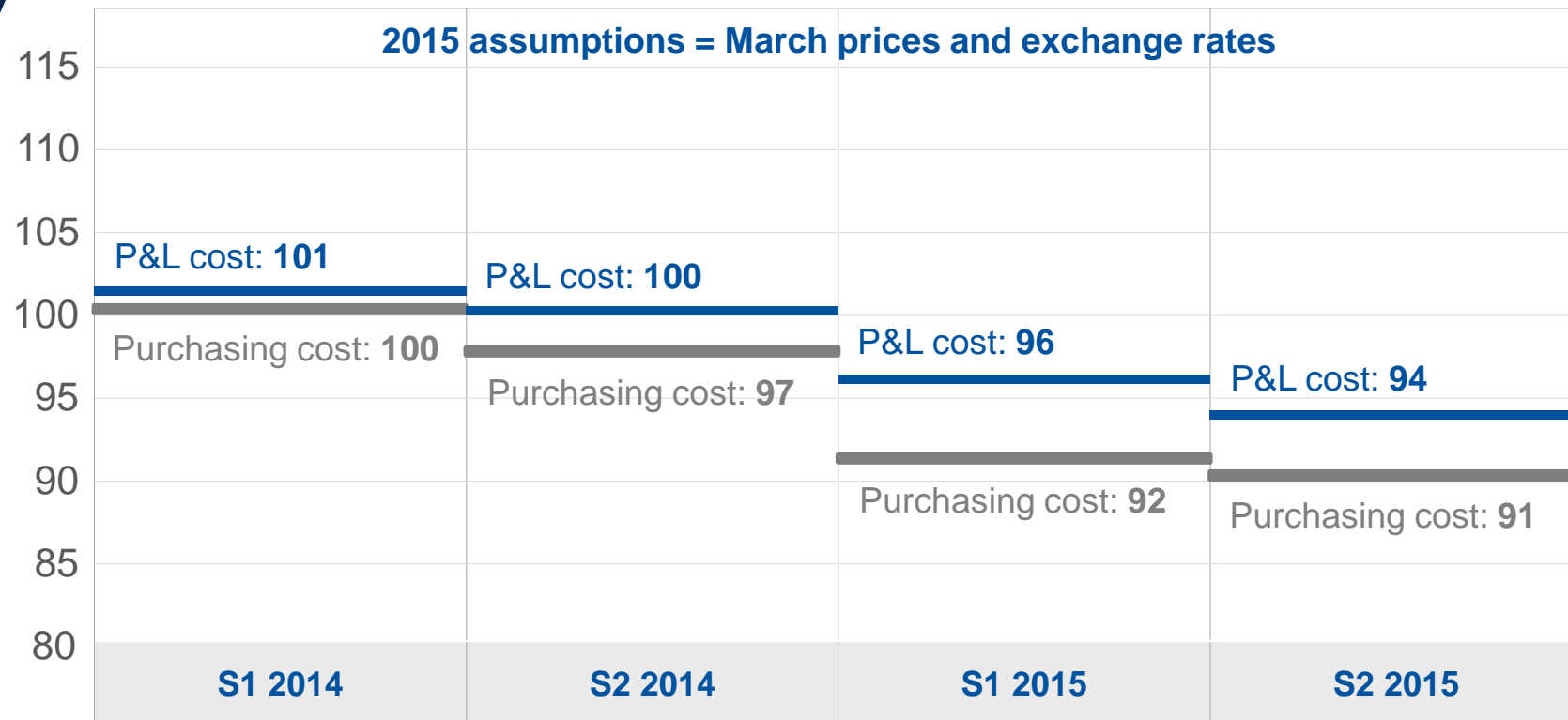
A one cent change in the average annual €/€ exchange rate would lead to a €15-20 million change in EBIT for the year.



Source: Thomson One

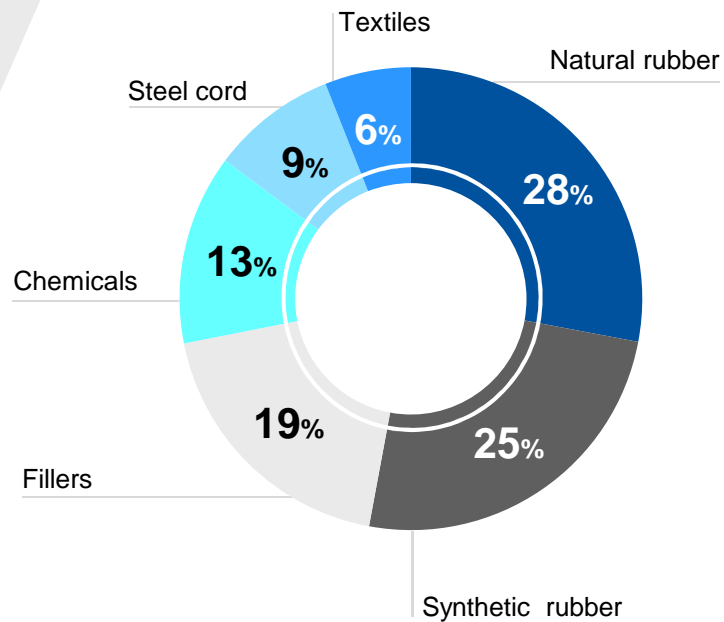


Raw materials tailwind to lift EBIT by around €600m, mainly in H2



2014 Raw Material and price trends over Q1 2015

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

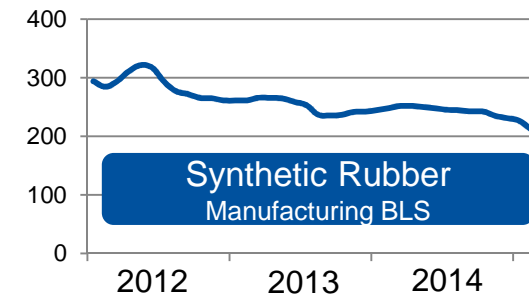
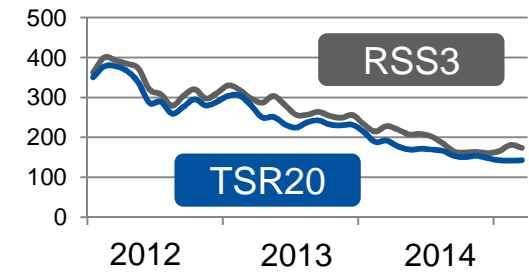
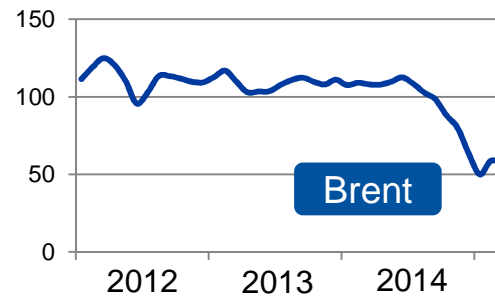


Forex €/€:

Average Q1'14 : 1,37

-17%

Average Q1'15 : 1,13



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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