



NET SALES at September 30, 2014

—
October 22, 2014



Net sales of €14,558m in a still slowing global market



- ▶ The **market** slowdown observed since the second quarter continued into the third:
 - Weakening demand in Europe, especially in Truck tires
 - Contraction in original equipment demand in new markets, except China
 - Sustained solid growth in North America.
- ▶ **Sales** volume rose by 1% over the period, reflecting:
 - Good resilience of the MICHELIN brand's market share in the Passenger car and Light truck and Truck segments,
 - Growth in the OE Earthmover and Infrastructure businesses, which cushioned the impact of sustained inventory drawdowns in mining tires.
- ▶ The **price-mix** effect was a negative 2%:
 - Application of contractual indexation clauses (around 45% of price effect) and price repositionings, at a time of declining raw materials costs,
 - Favorable mix effect thanks to sustained execution of the premium strategy in the 17" and larger segment.
- ▶ The **currency** effect was negative over the nine months, but turned positive in September.

Car and Light truck & Truck - Europe: softening growth in Europe in a competitive environment

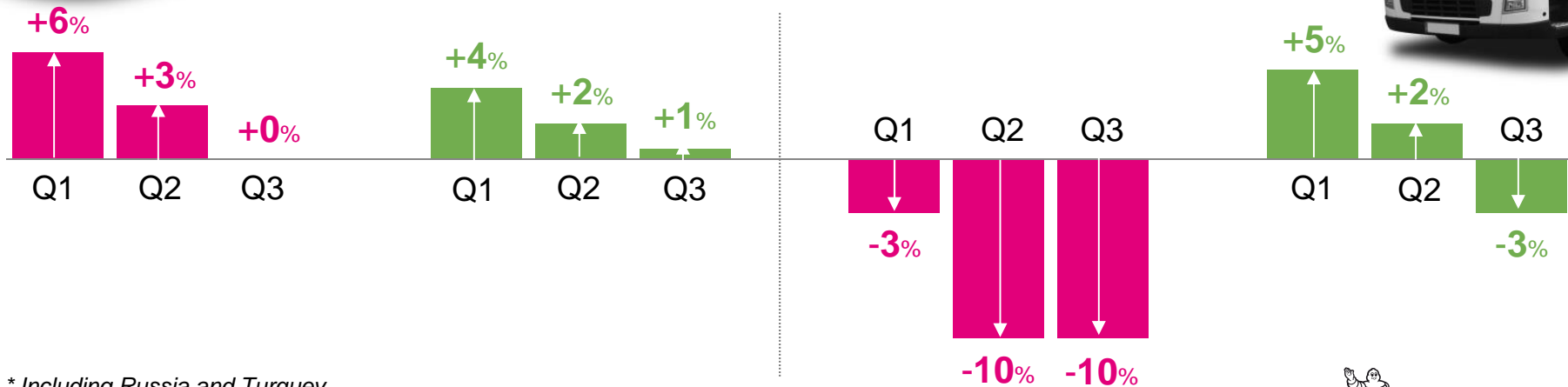


2014 markets, quarter by quarter – Europe* (% change YoY, in number of new tires)



- Original equipment
- Replacement

Source: Michelin



* Including Russia and Turkey



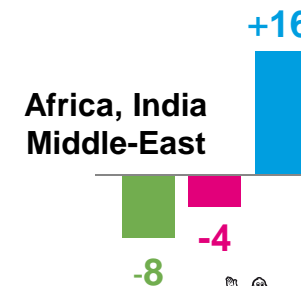
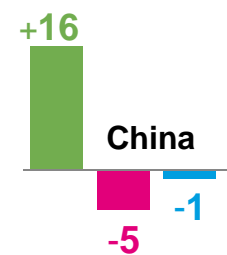
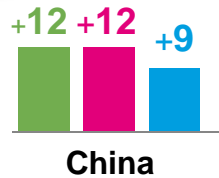
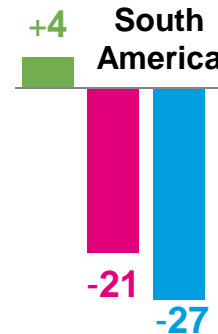
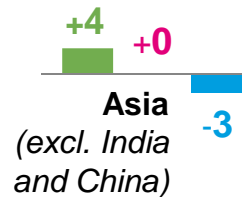
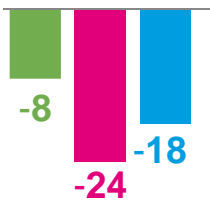
Car and Light truck & Truck: contraction in OE demand new markets, except China



2014 markets, quarter by quarter (% change YoY, in number of new tires)

■ Q1 ■ Q2 ■ Q3

South America



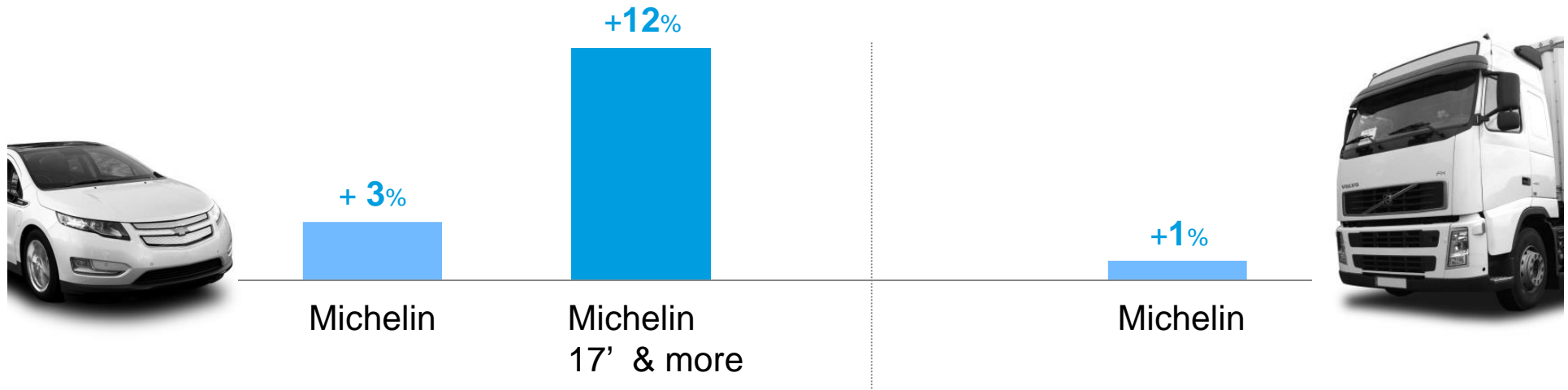
The Michelin brand demonstrated good resilience in a difficult market environment



Growth in Car and Light truck tires

Growth in Truck tires

(in thousand tonnes, % change YoY at Sept. 30, 2014)



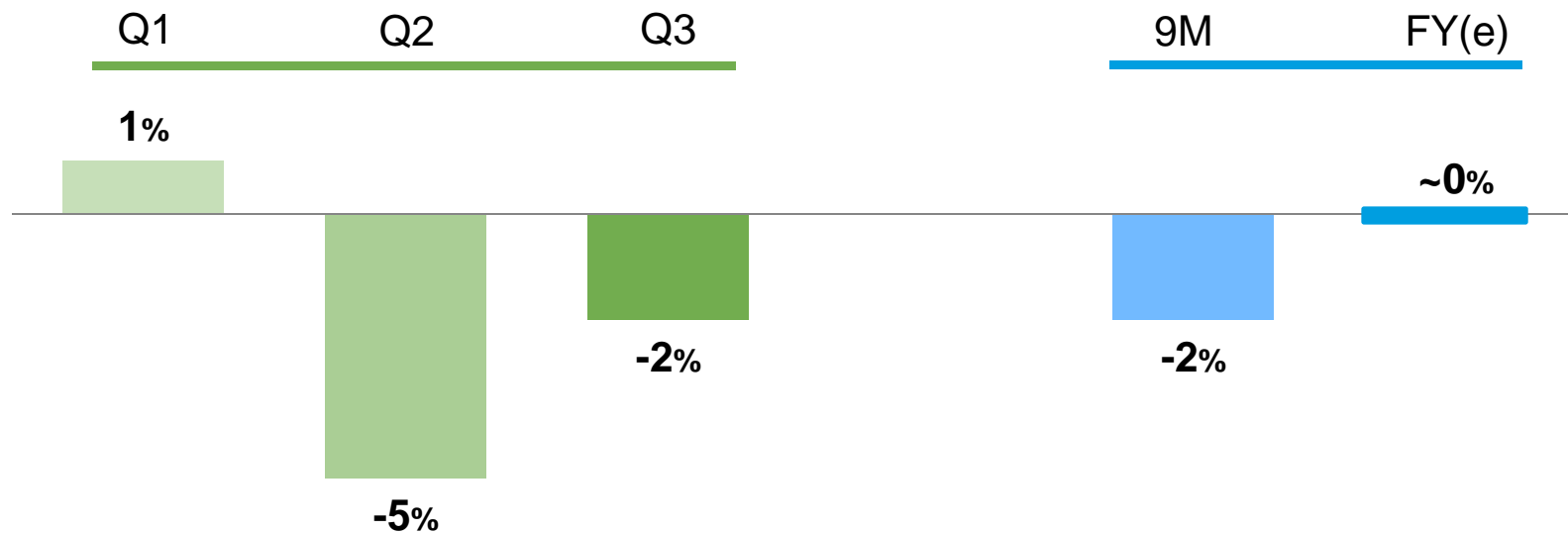
Product and service innovation: a dynamic that boosts the Michelin brand



Specialty tires: stable volumes expected for the full year, despite inventory drawdowns in mining tires



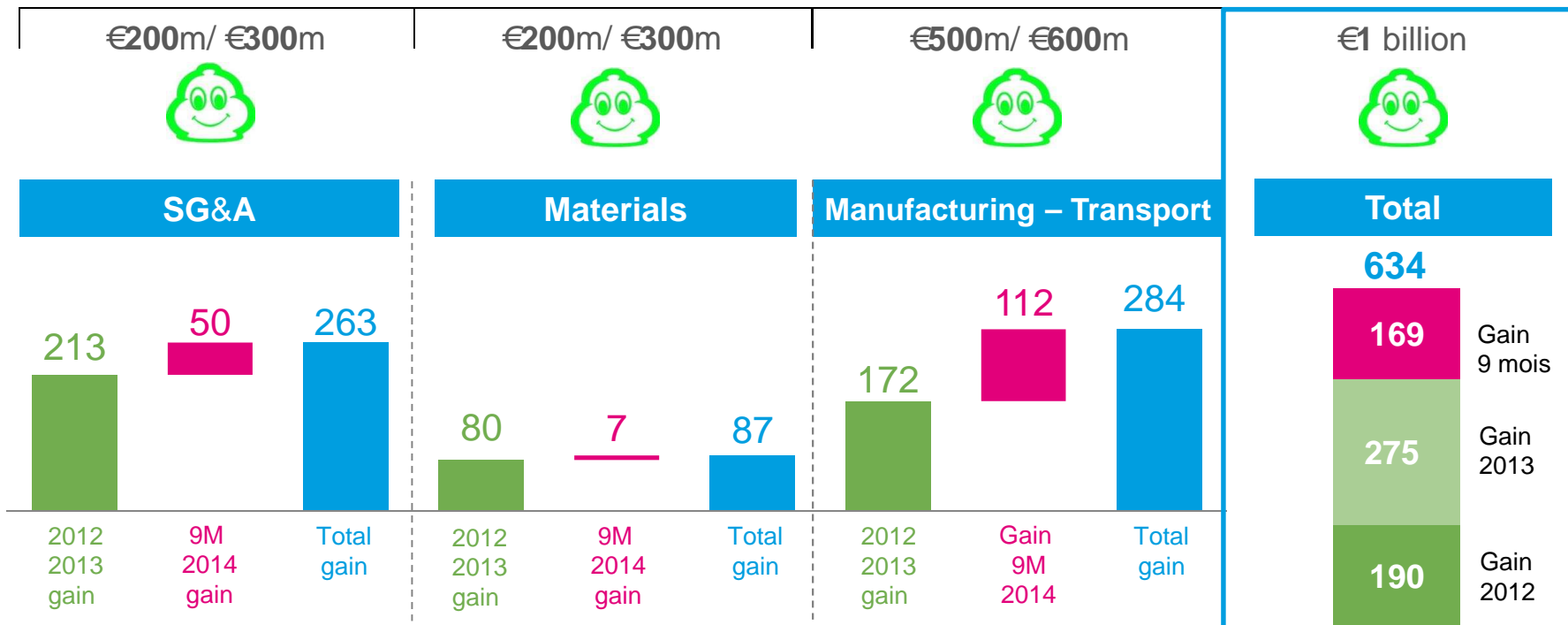
SR3 tonnage (YoY growth)



2012-2016 Competitiveness Plan : as of end-September, acceleration in manufacturing gains in 2014 confirmed



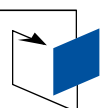
GAIN OBJECTIVES 2012 – 2016*



*Before inflation and including avoided costs



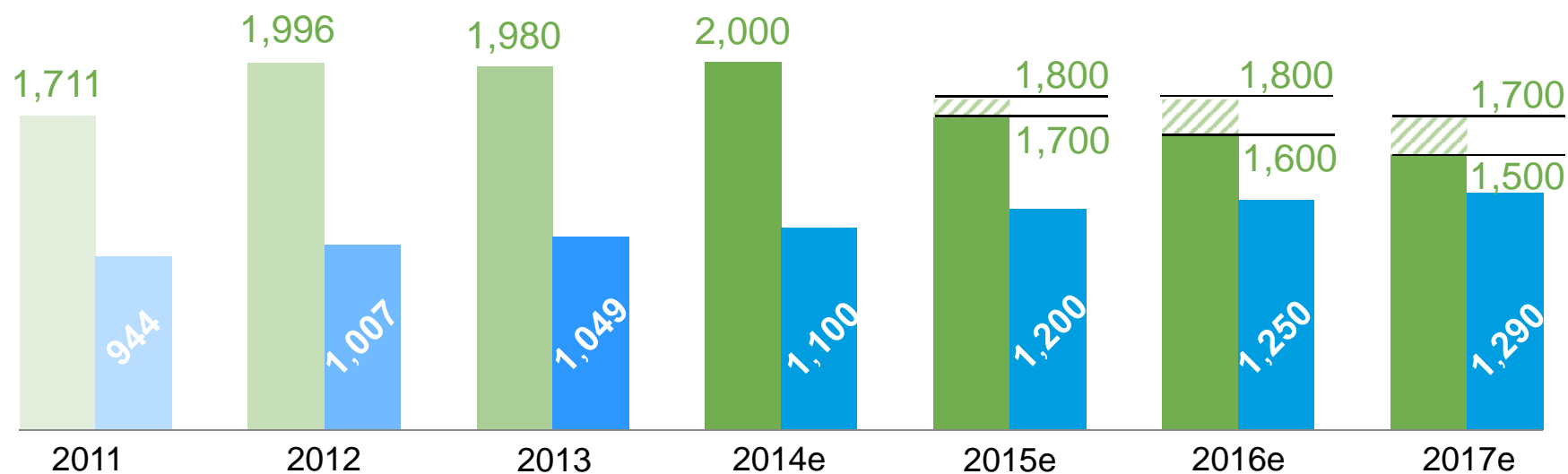
2015 & 2016 Capex further adjusted to allow higher asset turnover



Capital expenditure and depreciation

(In € millions)

■ Capital expenditure
■ Depreciation





October 22, 2014

Net Sales at September 30, 2014

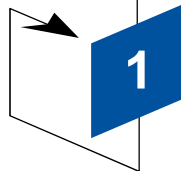


- 1 CONTINUED SLOWDOWN IN MARKETS**
- 2 NET SALES: VOLUMES UP 1%**
- 3 REPORTING SEGMENTS**
- 4 OUTLOOK**



October 22, 2014

Net Sales at September 30, 2014



CONTINUED SLOWDOWN IN MARKETS

Car and Light truck: slowdown starting in Q2



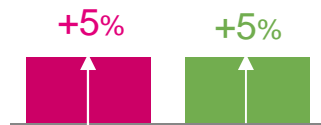
Markets at September 30, 2014 (% change YoY, in number of tires)



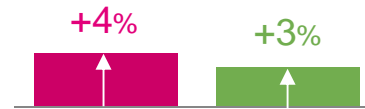
■ Original equipment
■ Replacement

* Including Russia and Turkey

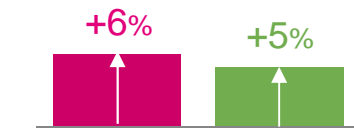
Source: Michelin



North America



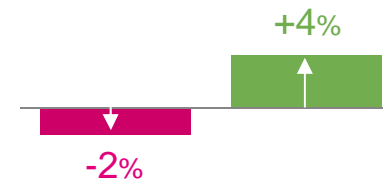
Europe*



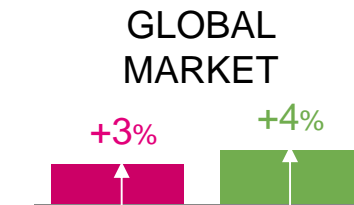
Asia (excluding India)



South America



Africa India Middle East



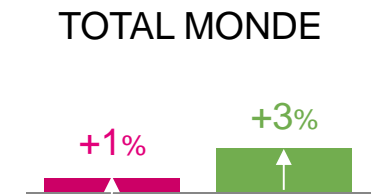
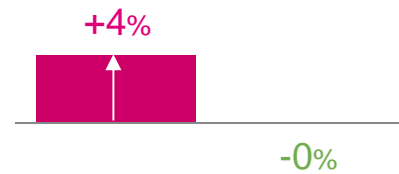
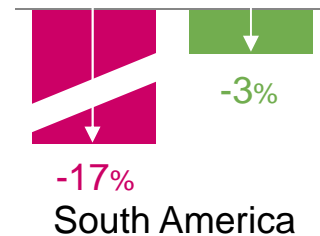
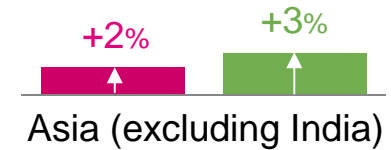
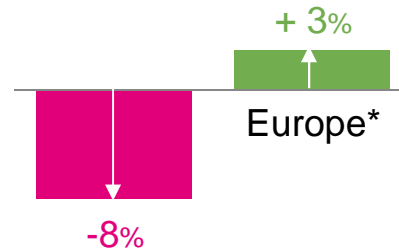
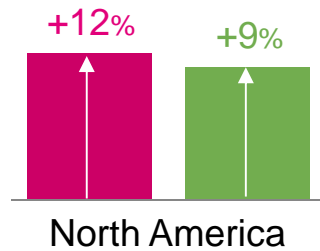
GLOBAL MARKET



Truck: continued slowdown in Europe and lower growth in new markets



Markets at September 30, 2014 (% change YoY, in number of new tires)



■ Original equipment
■ Replacement

* Including Russia and Turkey

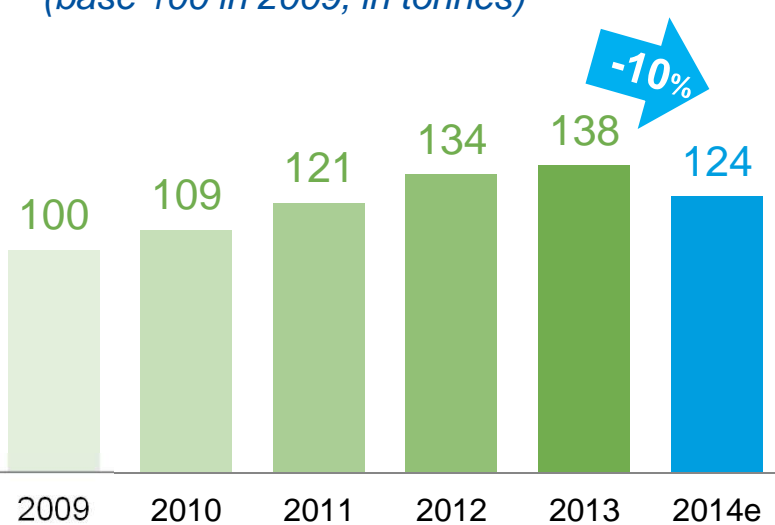
Source: Michelin



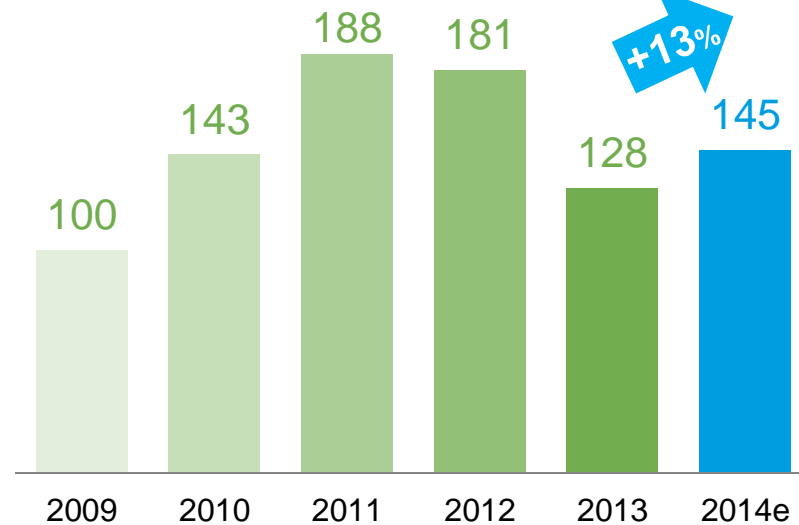
Earthmover markets: continued recovery in OE & Infrastructure and slightly stronger inventory drawdowns in mining



Earthmover markets
(base 100 in 2009, in tonnes)



Mining



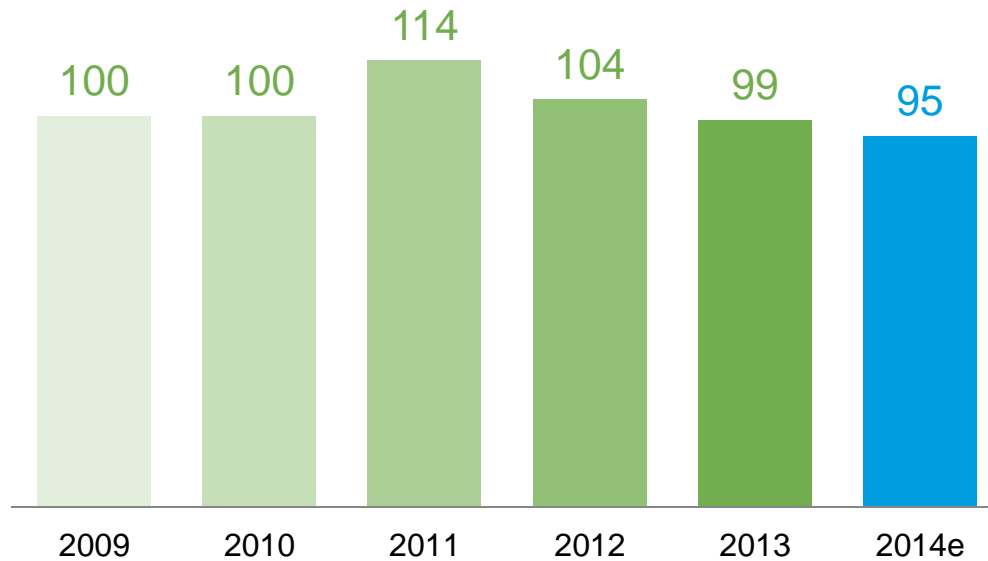
Infrastructure and Original equipment
(Europe and North America)



Agricultural: contracting OE demand



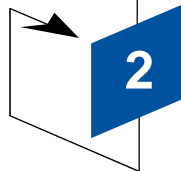
Agricultural tire markets – Europe and North America *(in number of tires, base 100 in 2009)*





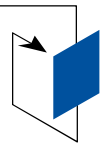
October 22, 2014

Net Sales at September 30, 2014

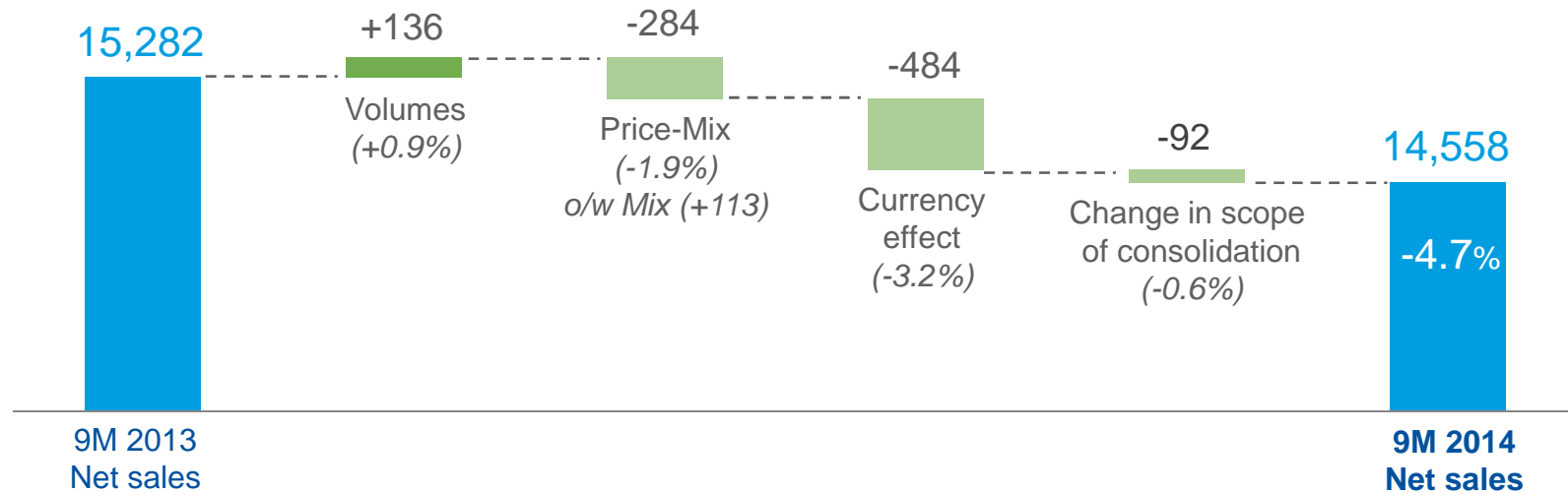


NET SALES: VOLUMES UP 1%

Net sales: down 1% like-for-like in an environment of declining raw materials prices



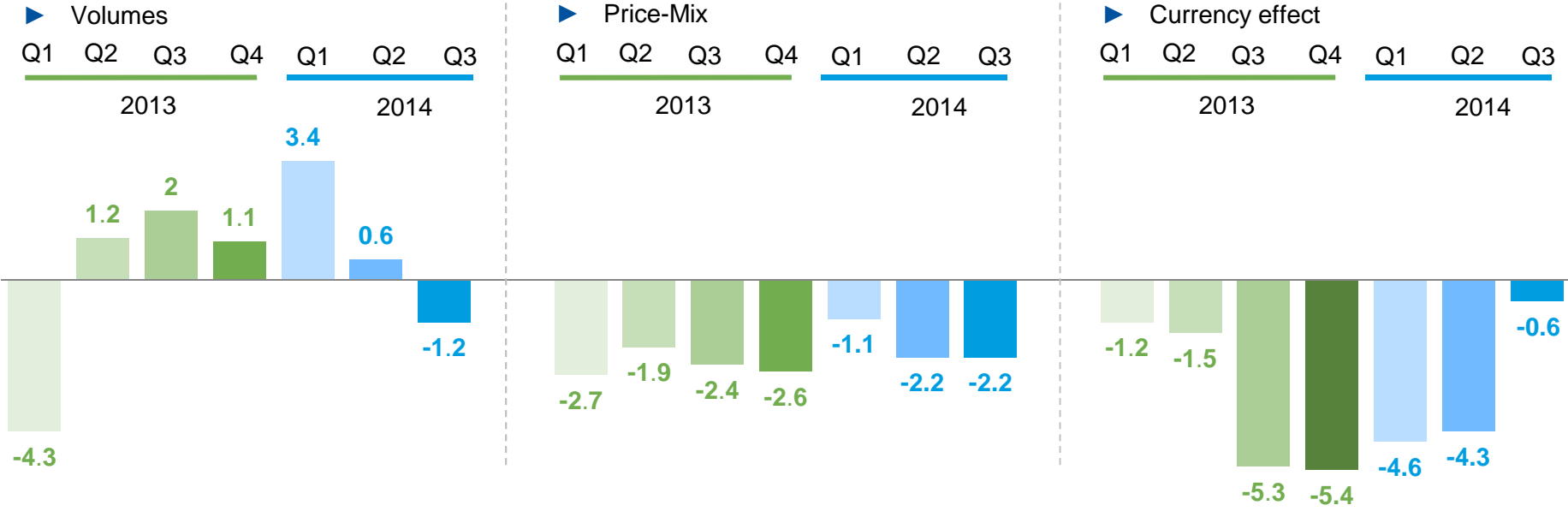
YoY change (in € millions)



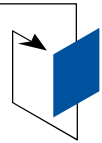
Q3: stabilized price-mix effect in a very competitive environment



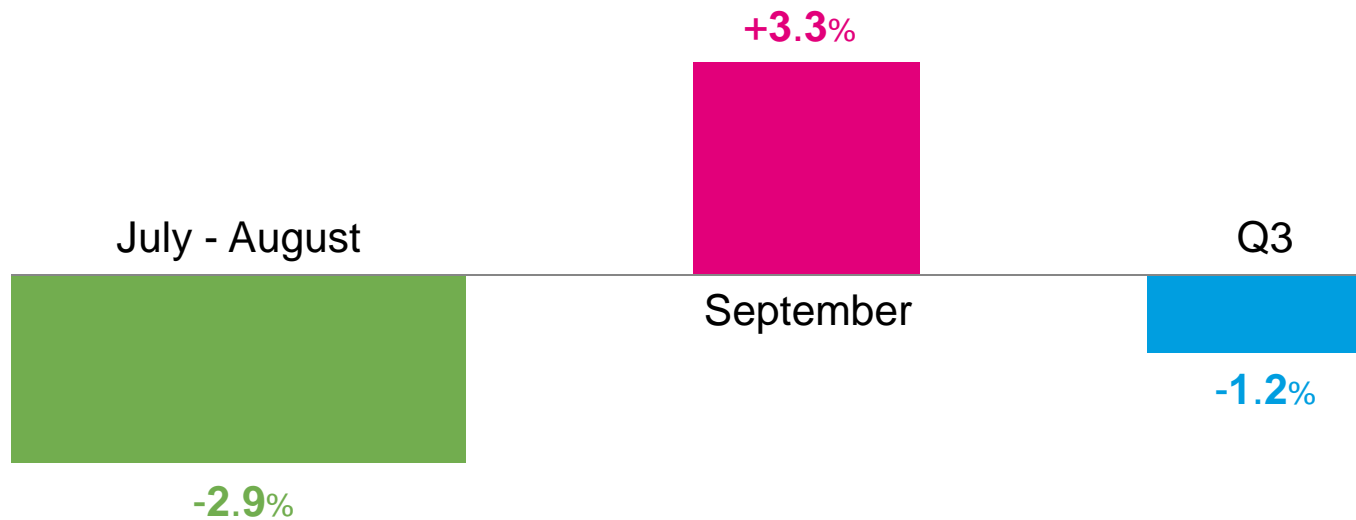
YoY change (in %)



Q3 volume down, good performance in September



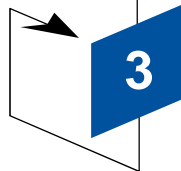
YoY change
(tonnage, in %)





October 22, 2014

Net Sales at September 30, 2014



REPORTING SEGMENTS

Car and Light truck tires & related distribution: MICHELIN brand shows good resilience



Car and Light truck tires (in € millions)



	9M 2014	9M 2013	% change
Net sales	7,759	8,023	-3.3%
<i>Volume growth</i>	<i>+2%</i>		

► Unfavorable **Currency effect** on net sales (-3%)

► **Volumes:**

- MICHELIN brand up 3%
- 17" and larger segment up 12%
- Stabilized volumes for the other brands

► **Price-Mix:**

- Application of contractual indexation clauses for OE and price repositionings for replacement tires
- Continued improvement in the mix both in OE and RT



Truck tires and related distribution: priority on improving margins



Truck tires (in € millions)



	9M 2014	9M 2013	% change
Net sales <i>Variation des volumes</i>	4,503 +1%	4,781	-5.8%

- ▶ Unfavorable **Currency effect** on net sales (-4%)
- ▶ **Volumes:**
 - Focus on margins in the third quarter
- ▶ **Prix-Mix:**
 - Impact of indexation clauses in OE and price resistance in RT

Specialty businesses: stable volumes expected for the full year



Specialty businesses

(in € millions)



Net sales
Volume growth

9M 2014

2,296
-2%

9M 2013

2,478

% change

-7.3%

► Unfavorable **Currency effect** on net sales (-3%)

► **Volumes:**

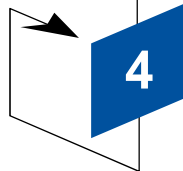
- Mining volumes should benefit from favorable prior-year comparatives in Q4
- Earthmover OE and Infrastructure improving
- Agricultural OE volumes slowing

► **Price:** application of raw materials indexation clauses



October 22, 2014

Net Sales at September 30, 2014



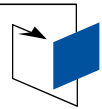
4 OUTLOOK

2014 guidance



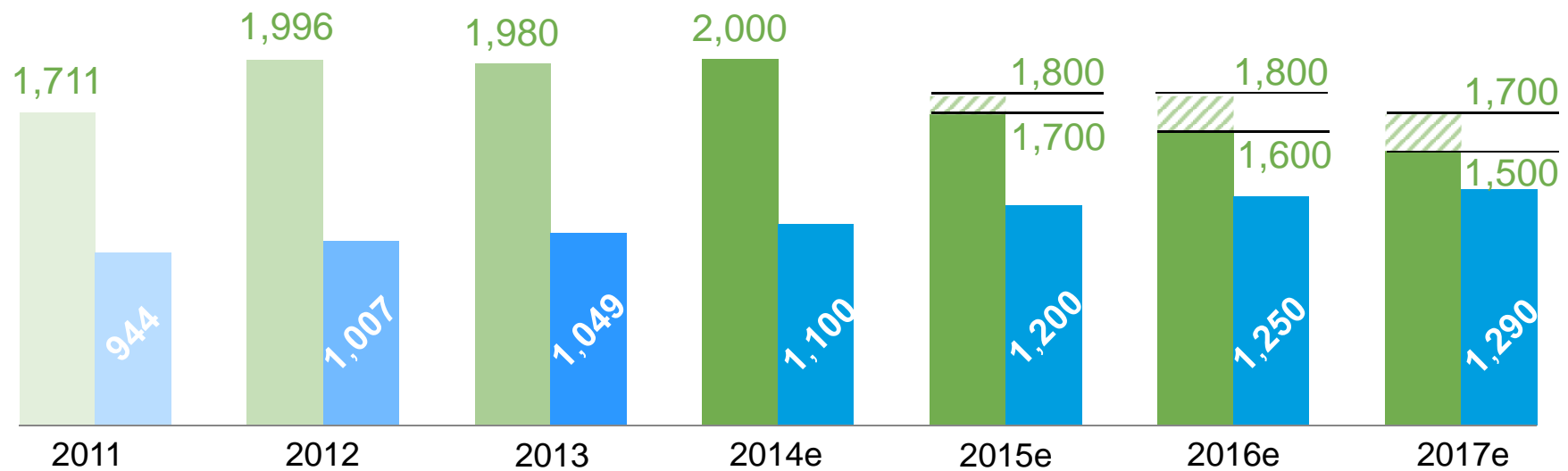
	Previous	October
Volumes	Up by around 3%	Between 1% & 2%
Impact of raw materials prices	Tailwind	Confirmed
Price-mix / raw materials	Positive	Confirmed
Competitiveness / production costs	Neutral	Confirmed
Increase in SG&A expense	Slightly higher	Confirmed
Operating income before non-recurring items	Lifted by growth, excluding any currency effects	Confirmed
Op. margin before NR – Passenger car tires (RS1)	Middle of the 10-12% range	Confirmed
Op. margin before NR – Truck tires (RS2)	Top of the 7-9% range	Confirmed
Op. margin before NR – Specialty businesses (RS3)	Bottom of the 20-24% range	Confirmed
ROCE	More than 11%	Confirmed
CAPEX	Around €2,000m	Confirmed
Structural free cash flow	More than €500m	Confirmed

2015 & 2016 Capex further adjusted to allow higher asset turnover

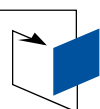


Capital expenditure and depreciation (In € millions)

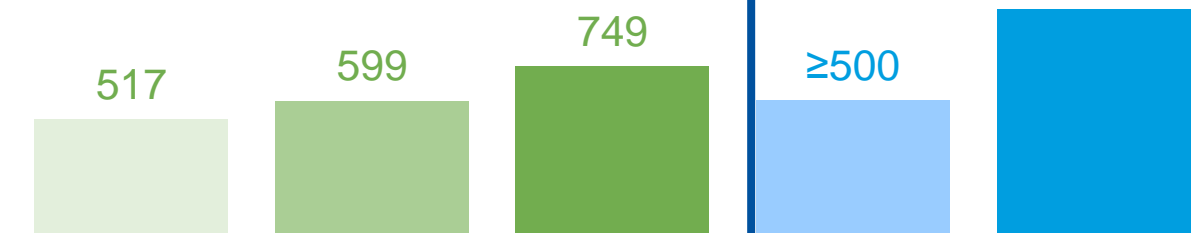
■ Capital expenditure
■ Depreciation



A business that structurally generates Free Cash Flow



Structural free cash flow



In € millions	2011	2012	2013	2014	2020
Reported free cash flow ⁽¹⁾	(19)	1,075	1,154		
WCR impact of raw materials costs ⁽²⁾	(739)	21	405		
Year-end volume effect on WCR ⁽³⁾	(200)	344	nm		
One off ⁽⁴⁾ <i>(Sales of Hankook shares in 2011, sale of the Parisian building 2012)</i>	403	111	0		
Structural free cash-flow ^{(1) - (2) - (3) - (4)}	517	599	749		





Next events

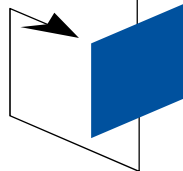


- ▶ **November 10, 2014:** Investor Day in Shenyang, China
- ▶ **February 10, 2015:** 2014 results
- ▶ **April 22, 2015:** First-quarter 2015 net sales
- ▶ **May 22, 2015:** Annual general meeting of shareholders
- ▶ **July 28, 2015 :** First-half 2015 results



October 22, 2014

Net Sales at September 30, 2014

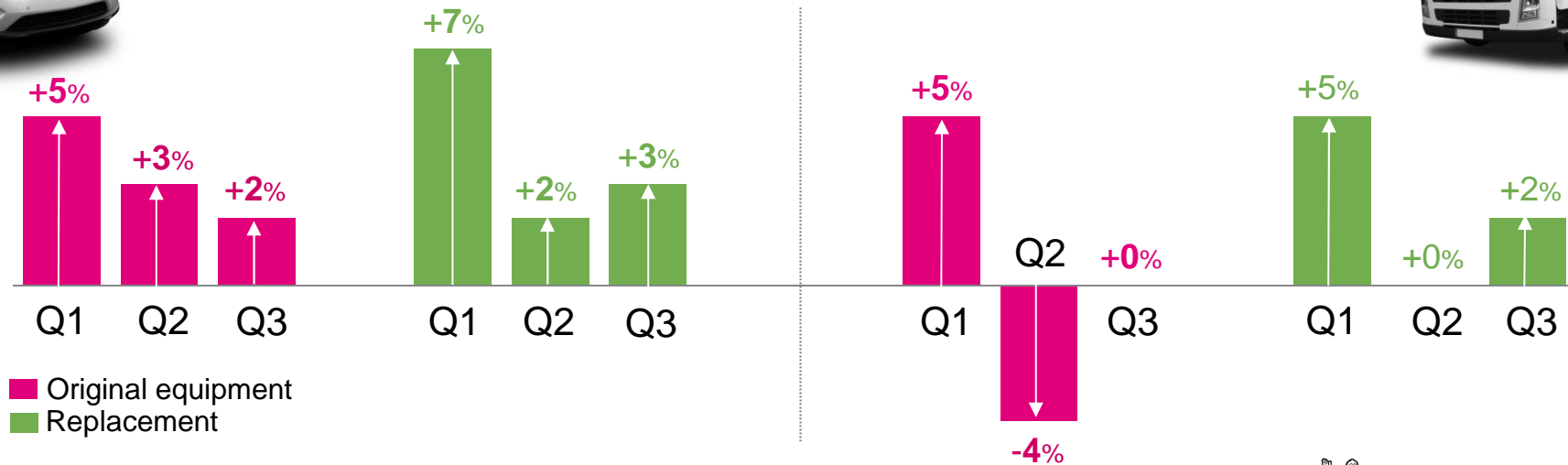


APPENDICES

Car and Light truck & Truck: Slowdown starting in Q2



2014 Worldwide markets, quarter by quarter (% change YoY, in number of new tires)



■ Original equipment
■ Replacement

Source: Michelin



Car and Light truck & Truck - North America: steady growth in a strong economic environment, RT demand reflecting Chinese import basis for comparison

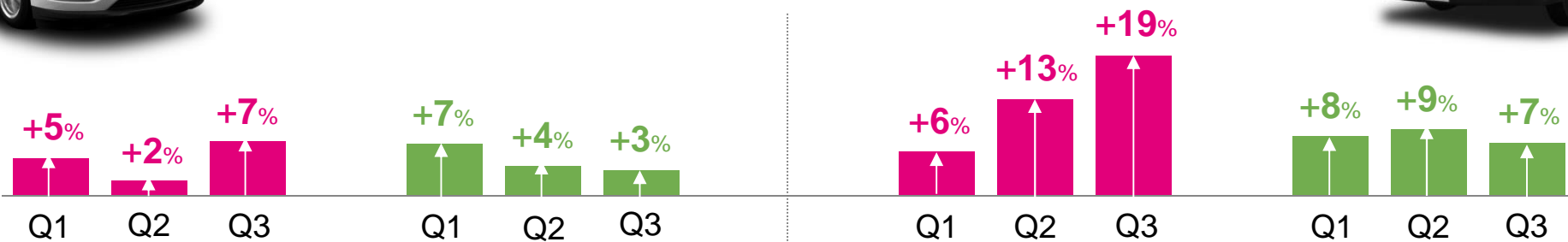


2014 markets, quarter by quarter - North America (% change YoY, in number of new tires)



■ Original equipment
■ Replacement

Source: Michelin



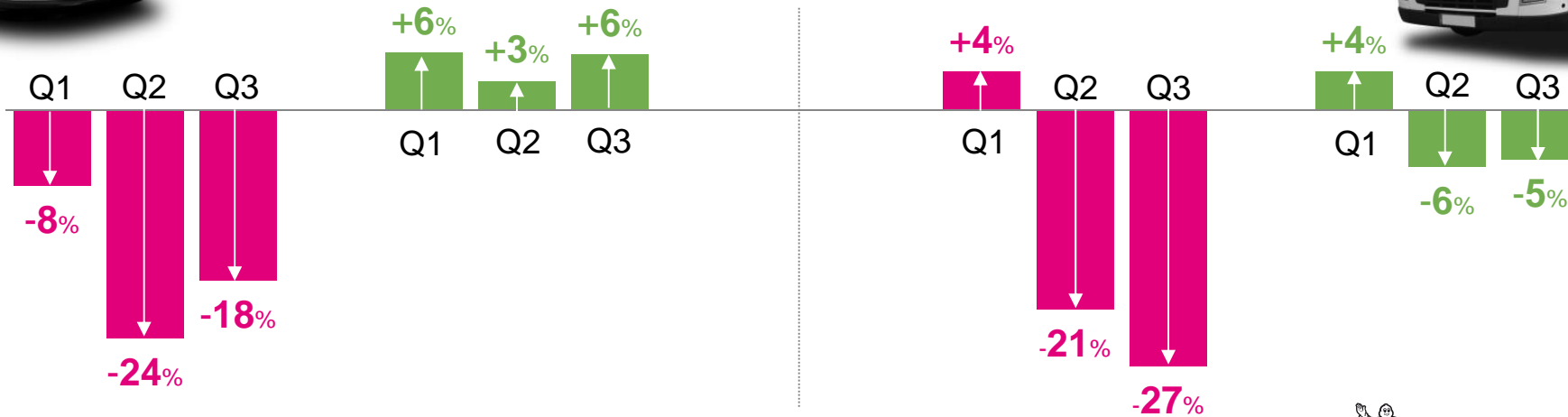
Car and Light truck & Truck – South America: halt as from Q2 except for Car and Light truck replacement tires



2014 markets, quarter by quarter - South America (% change YoY, in number of new tires)



■ Original equipment
■ Replacement



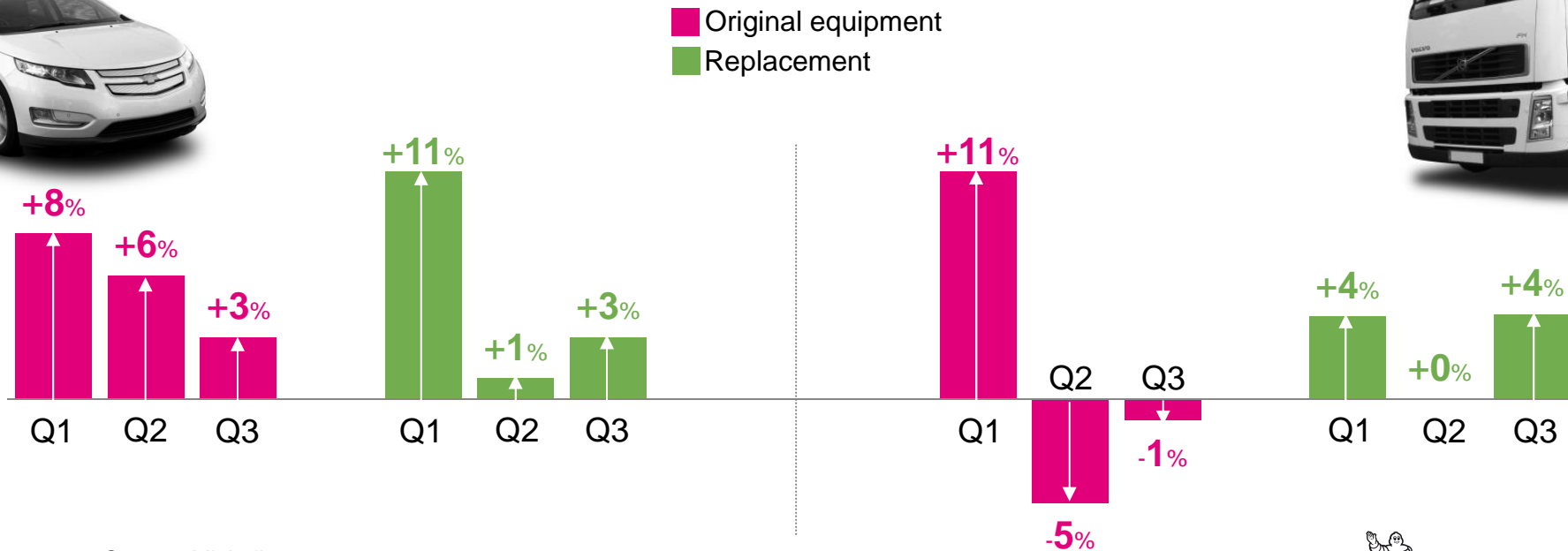
Source: Michelin



Car and Light truck & Truck – Asia (excl. India): slower growth since Q2, Car and Light truck in China still buoyant



2014 markets, quarter by quarter – Asia (excluding India) (% change YoY, in number of new tires)



Source: Michelin



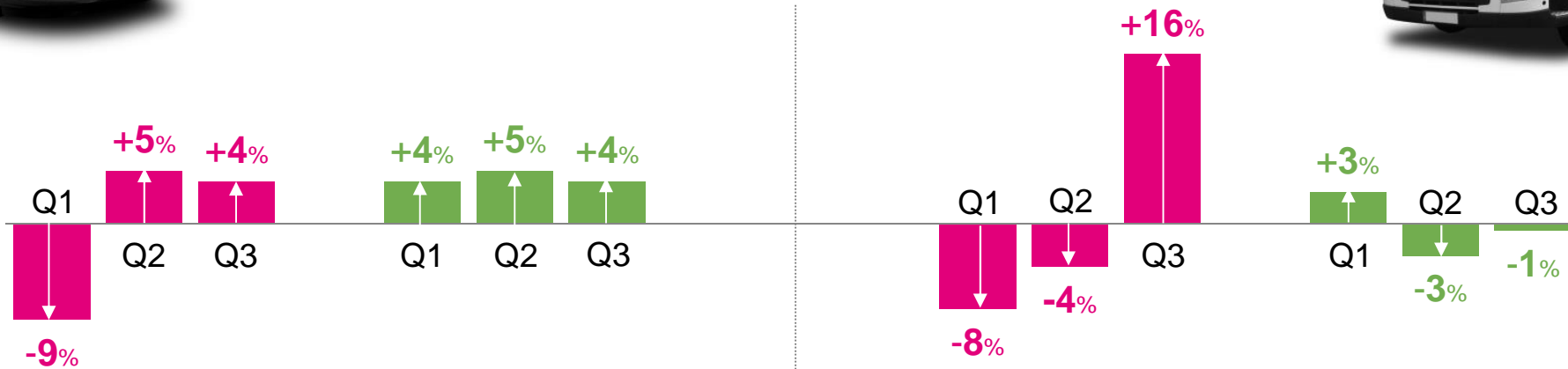
Car and Light truck & Truck – Africa, India, Middle East: uneven markets



2014 markets, quarter by quarter – Africa, India, Middle East (% change YoY, in number of new tires)



■ Original equipment
■ Replacement



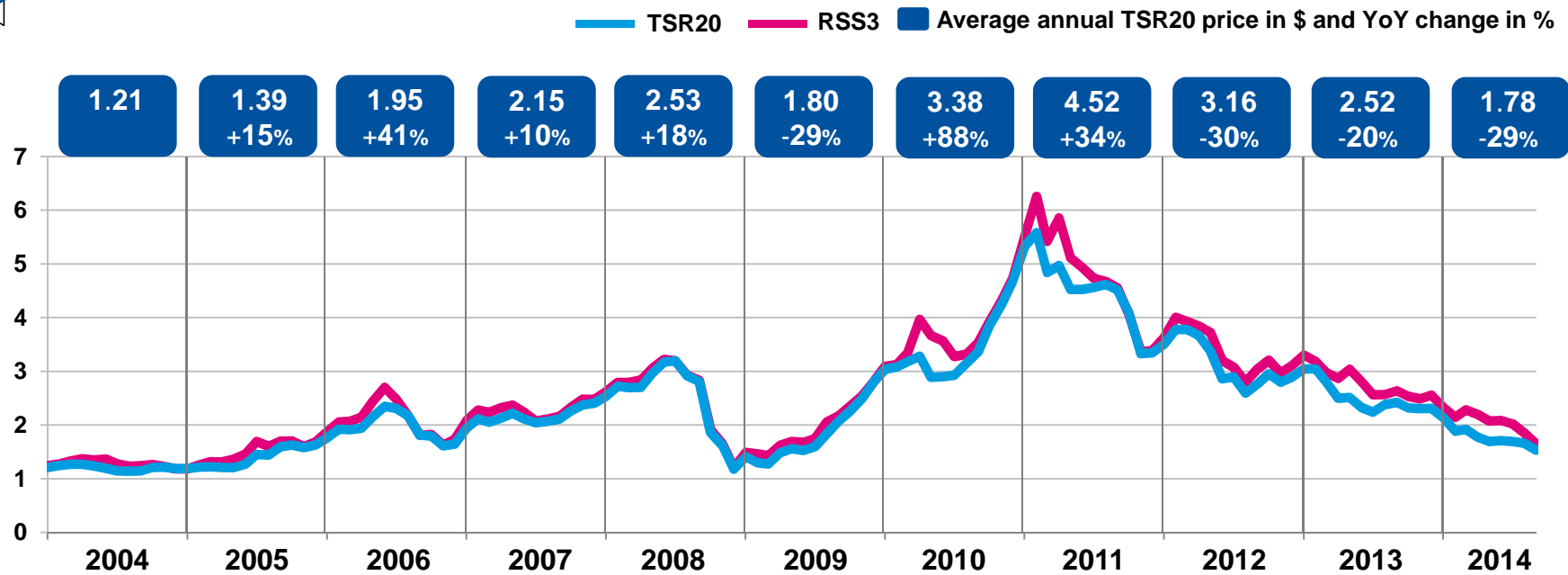
Source: Michelin



Natural rubber price (USD/kg)



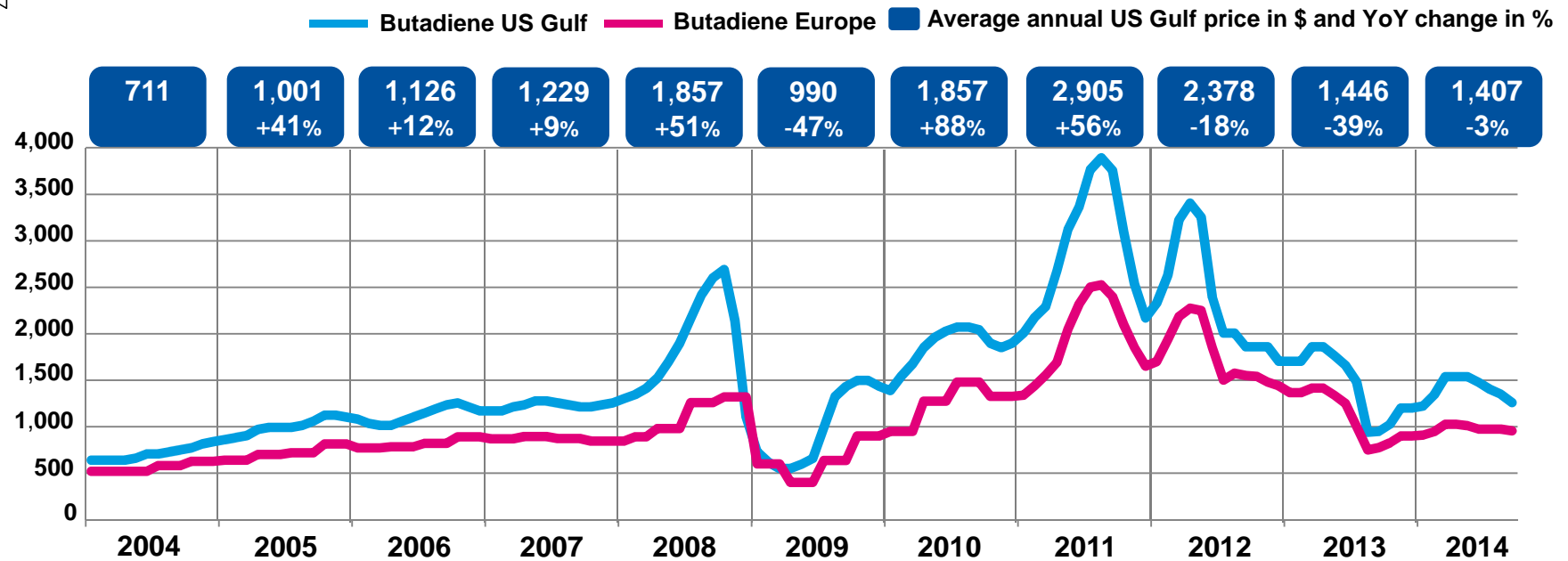
At September 30, 2014



Butadiene price (USD/t, EUR/t)



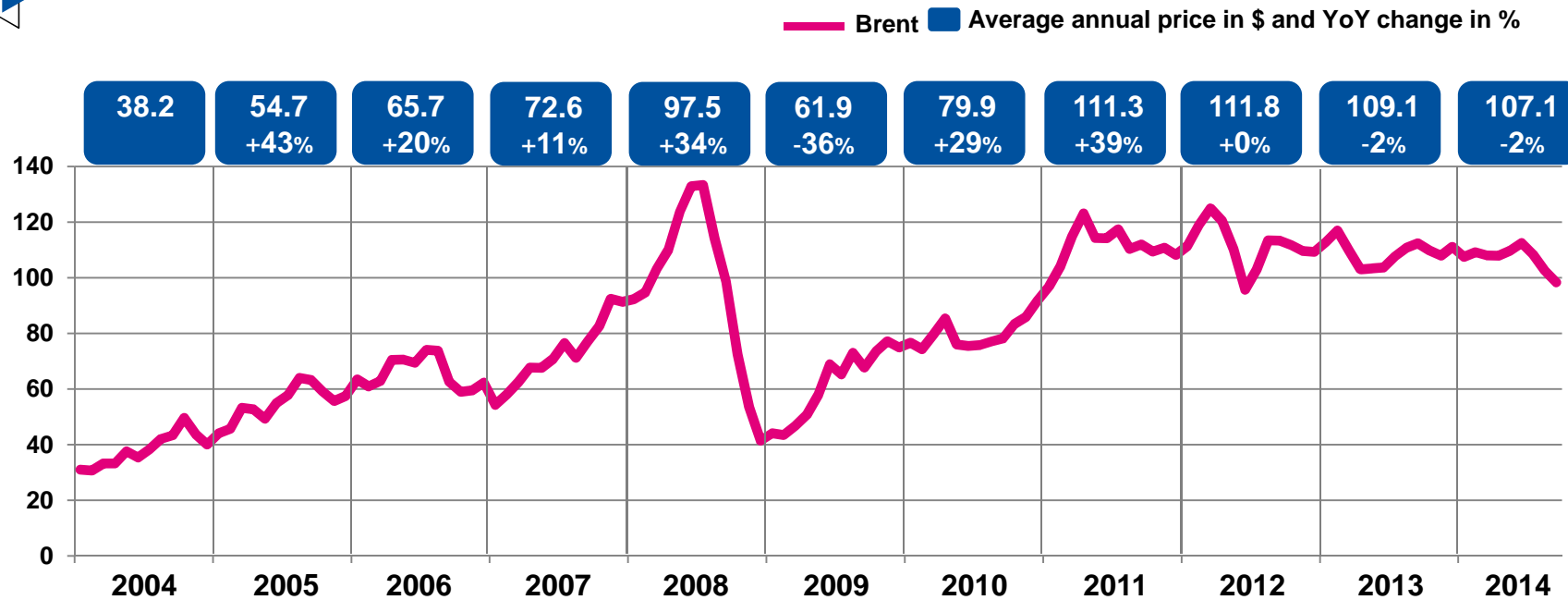
At September 30, 2014



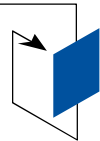
Brent price (USD/barrel)



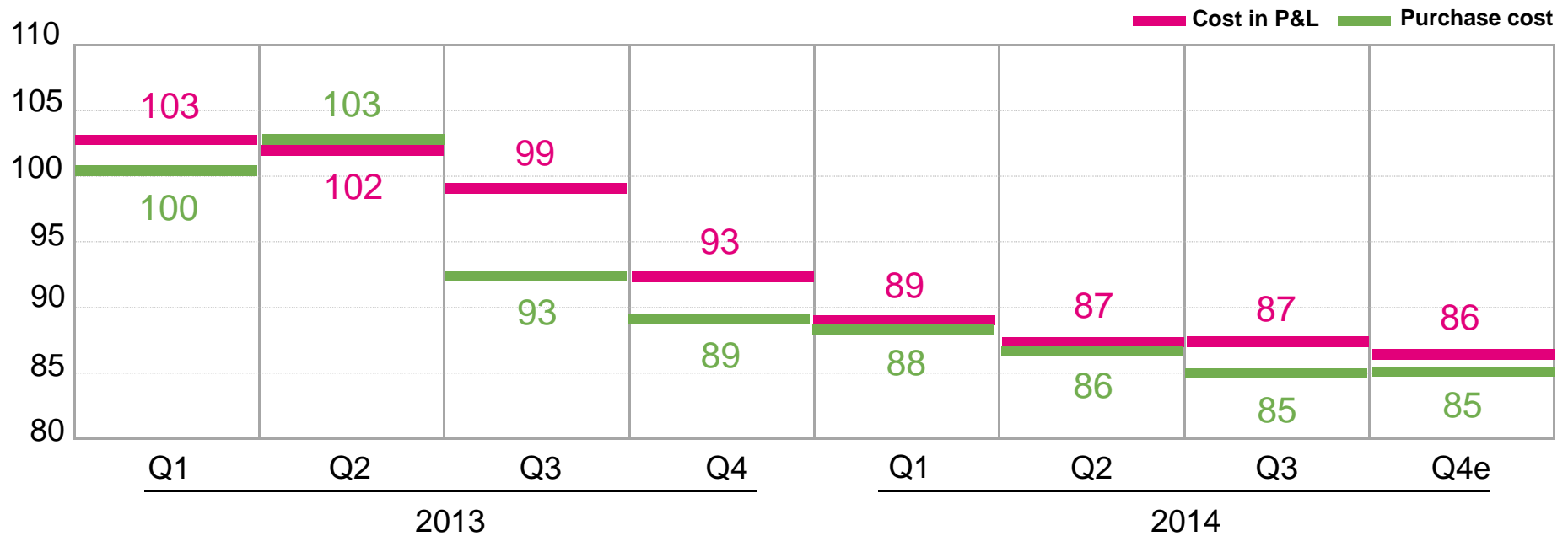
At September 30, 2014



Raw materials: positive effect of around €500m over the full-year



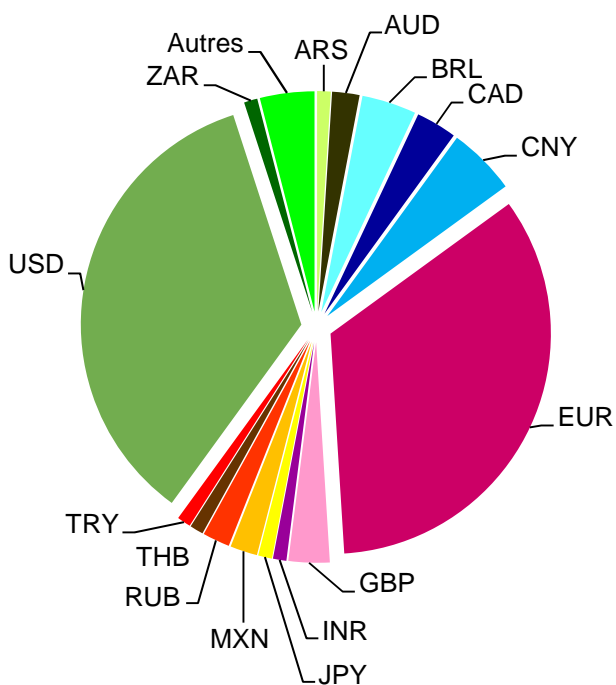
Raw materials cost trend



Positive 0.8% currency effect in September



9M 2014 net sales by currency

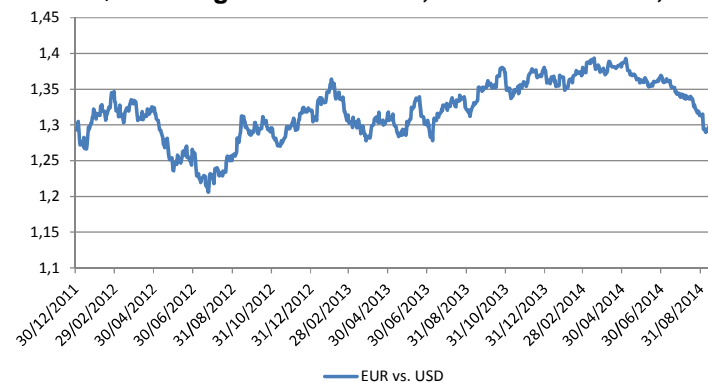


% of net sales	
ARS	1%
AUD	2%
BRL	4%
CAD	3%
CNY	5%
EUR	34%
GBP	3%
INR	1%
JPY	1%
MXN	2%
RUB	2%
THB	1%
TRY	1%
USD	35%
ZAR	1%
Autres	4,0%

EBIT sensitivity to €/€ exchange rate

A one cent change in the average annual €/€ exchange rate leads to a variation of €15-20 million in annual EBIT.

€/€ exchange rate – Dec. 31, 2011 / October 15, 2014



Source: Thomson One



Projects deployed in 2013 and 2014 to optimize the production base will deliver more than €100 million in annual gains



<i>In € millions</i>	2013	2014e	2015e	2016e	2017e	
						Total
Non recurring expense	(250)	(87)				(337)
<i>of which cash out</i>	(42)	(90)	(64)	(25)	0	(221)
Cash in (asset sales)			23			
						Annual gains after 2017
Productivity gains	0	54	71	110	114	114

SASCAR : acquisition of the Brazilian leader in digital fleet management solutions for €440m



Vehicle base

- 230K vehicles
- 180K vehicles under Fleet Management
- #1 LATAM player



Employees

- 870 employees
- 200 field and telesales personnel



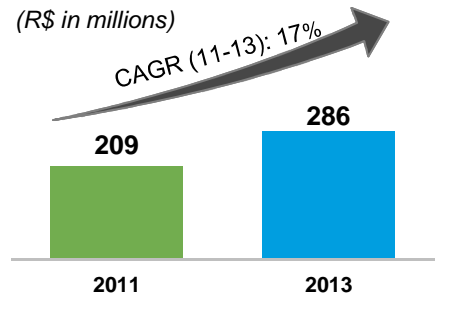
Coverage

- 200+ installation points
- Covers 80% of Brazil GDP



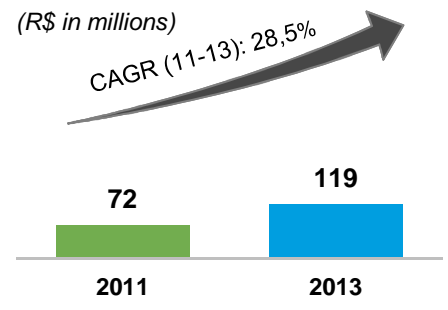
Net Sales

(R\$ in millions)

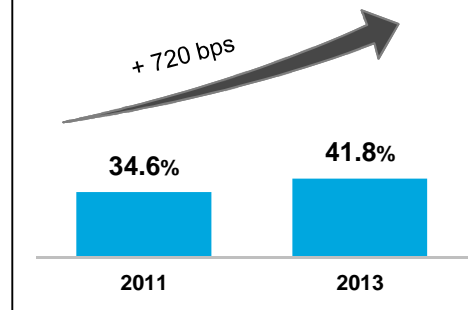


Adjusted EBITDA*

(R\$ in millions)



Adjusted EBITDA margin*



* Excludes stock-based compensation and non-recurring expenses (e.g. M&A and IPO expenses, and 2013 expenses related to Siggo and Vivo)





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.

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."



Contacts



Investor Relations

Valérie MAGLOIRE
Matthieu DEWAVRIN

+33 (0) 1 78 76 45 36

27, cours de l'île Seguin
92100 Boulogne-Billancourt - France

investor-relations@fr.michelin.com