



***ANNUAL SHAREHOLDERS
MEETING***

MAY 22, 2015

May, 22 2015

ANNUAL SHAREHOLDERS MEETING

- 1 2014 : Solid results in generally sluggish markets
- 2 Q1 2015 : Net sales of €5 billion, up 5.6%
- 3 Objectives 2015 : growth in line with markets

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2014 : Solid results in generally sluggish markets



2014 : Solid results in generally sluggish markets

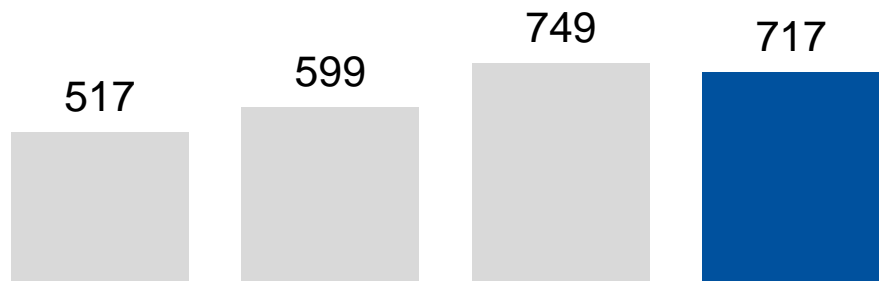
- Strong free cash flow generation before acquisitions: €722m
- €118m positive impact from changes in price mix/raw materials costs, as expected
- Competitiveness plan absorbing the effects of inflation on production costs and overheads
- Volumes up by a slight 0.7%:
- Operating income before non-recurring income at €2,170m, up €81m at constant scope of consolidation and exchange rates
- Recommended dividend of €2.50 per share*, unchanged from 2013

* Subject to approval by the Annual Shareholders Meeting of May 22, 2015



A business that structurally generates Free Cash Flow

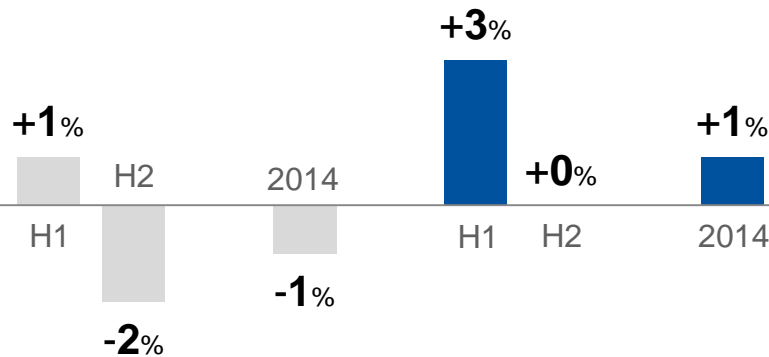
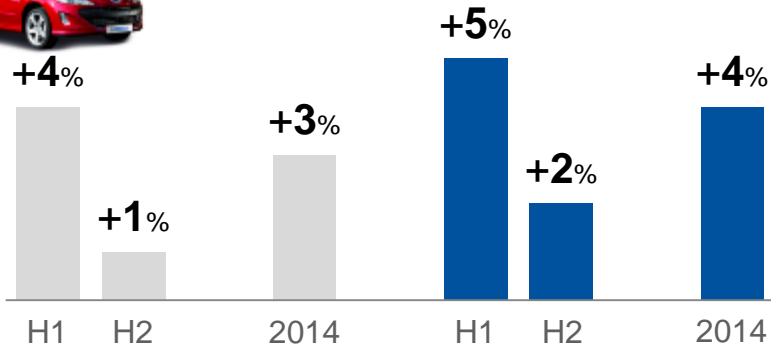
► Structural free cash flow



<i>In € millions</i>	2011	2012	2013	2014	Total
Reported free cash flow ⁽¹⁾	(19)	1,075	1,154	322	2,532
WCR impact of raw materials costs ⁽²⁾	(739)	21	405	177	(136)
Year-end volume effect on WCR ⁽³⁾	(200)	344	nm	(172)	(28)
Non-recurring items ⁽⁴⁾	403	111	-	(400)	114
Structural free cash flow ^{(1) - (2) - (3) - (4)}	517	599	749	717	2,582

Passenger car/Light truck & Truck: slowdown starting from the second quarter

► Global market, 2014 / 2013 (% change YoY, in number of new tires)



■ Original equipment ■ Replacement

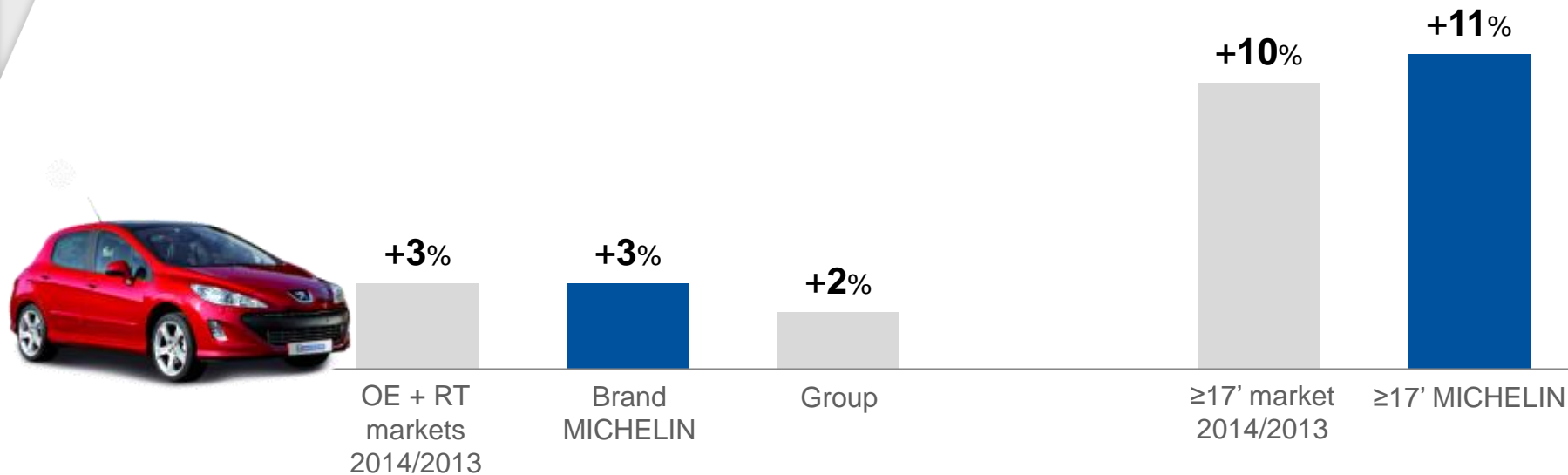
Source: Michelin



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

► Passenger car/Light truck - Growth

(in tonnage and number of tires, YoY change)

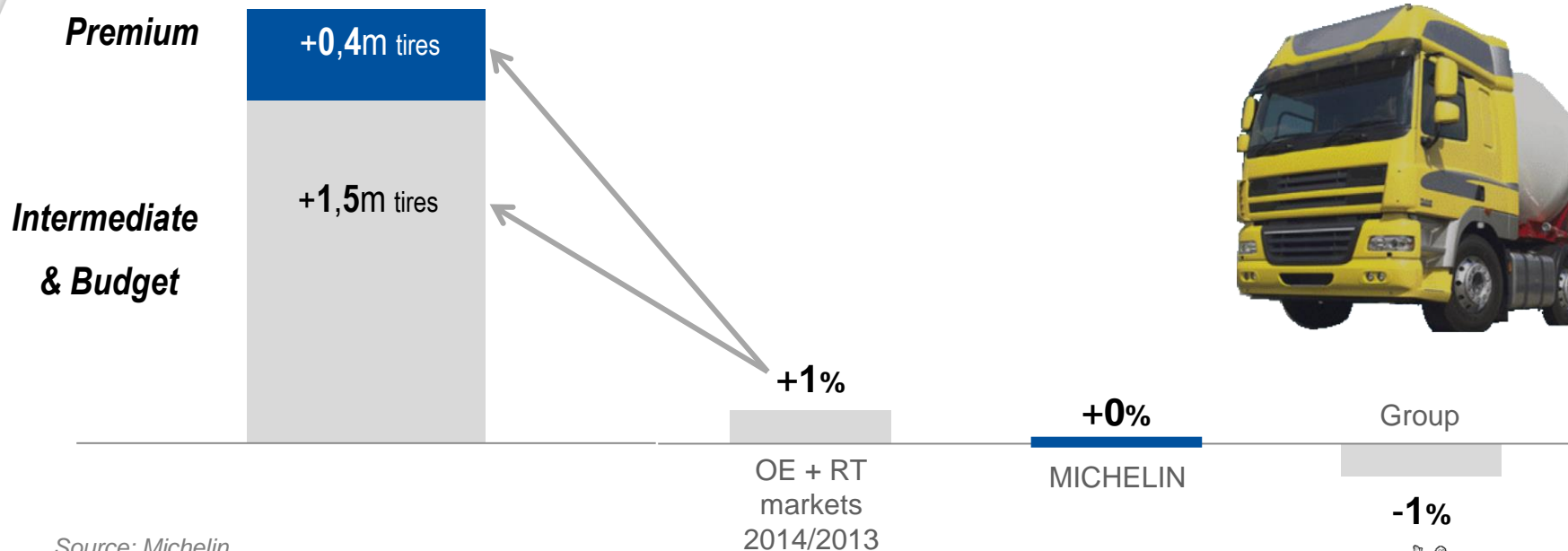


Source: Michelin

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

▶ Truck - Growth

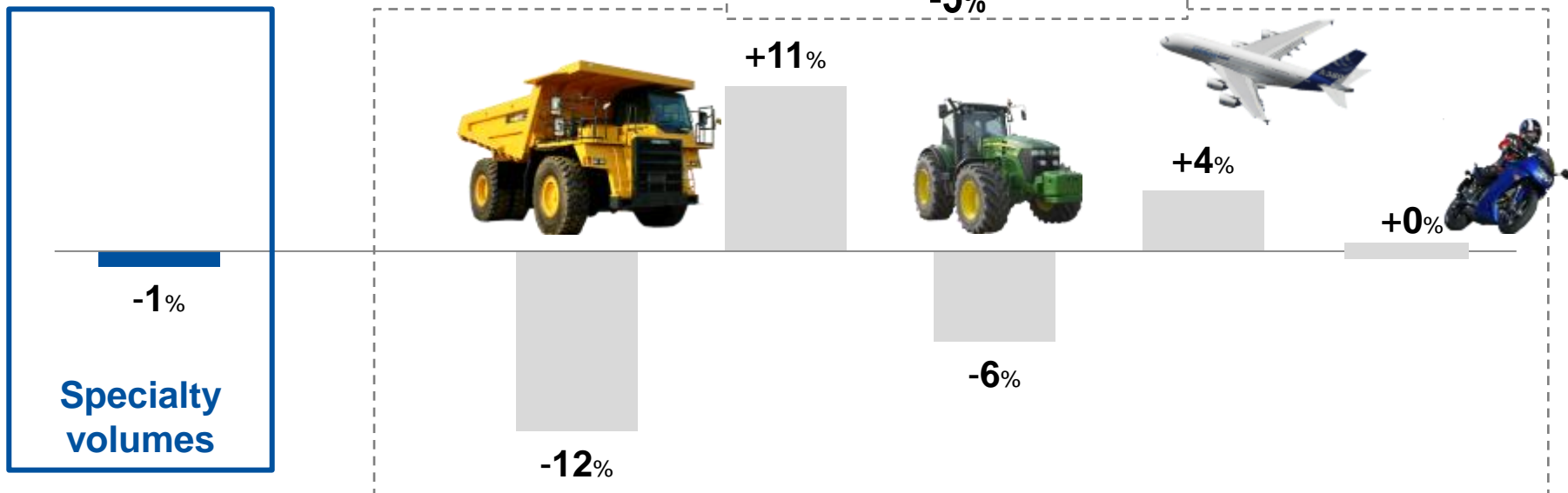
(in tonnage and number of tires, YoY change)



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

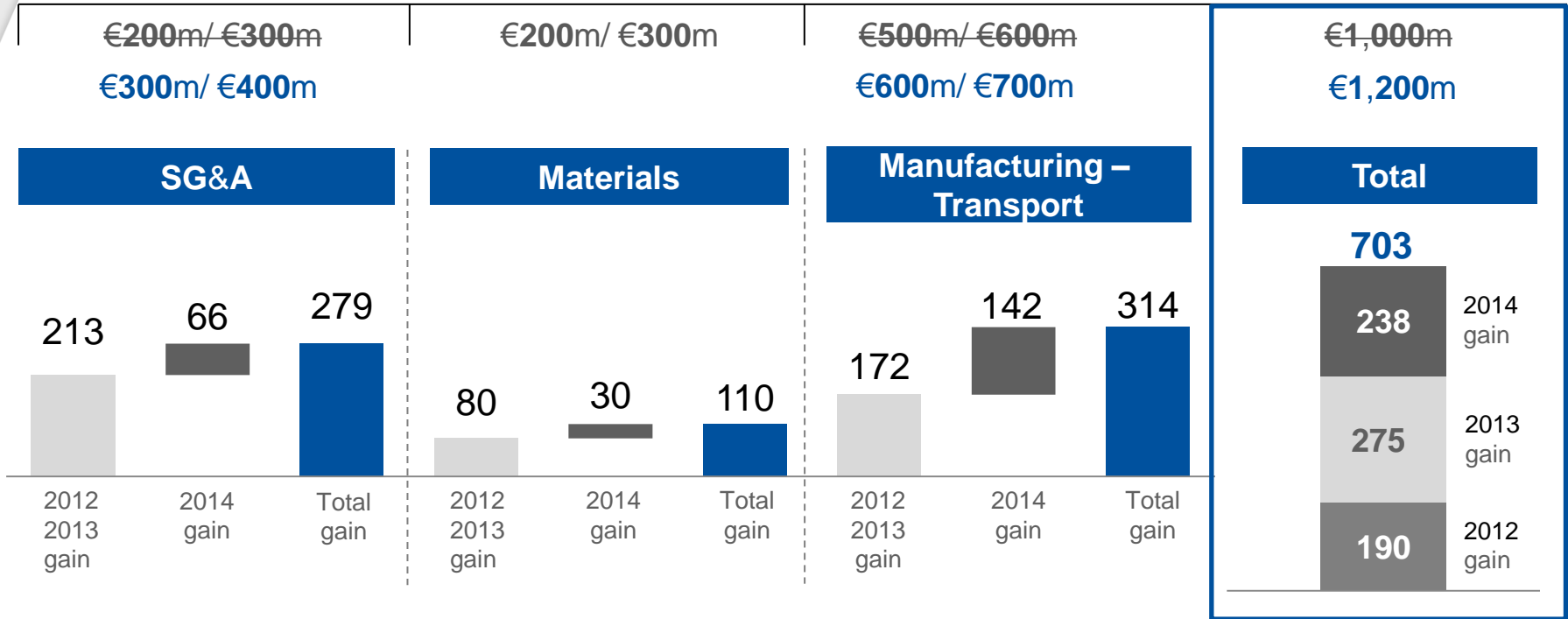
*** Motorcycle Europe, USA, Japan

Source: Michelin



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

TARGETED GAINS*, 2012 – 2016

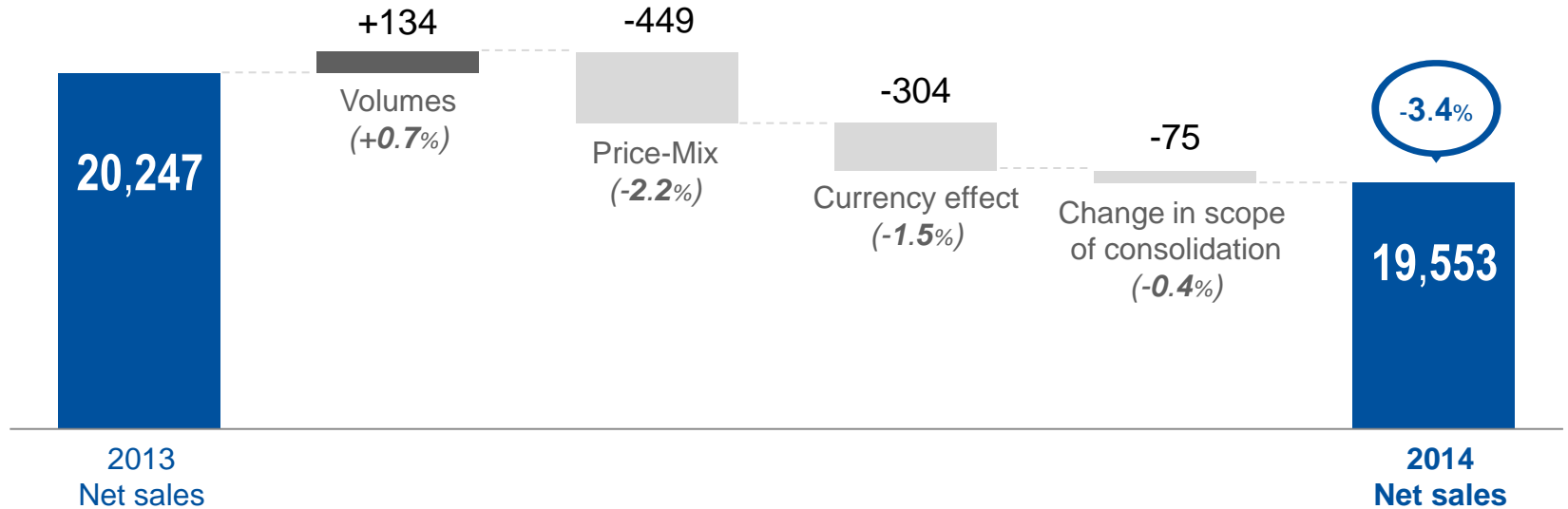


* Before inflation and including avoided costs



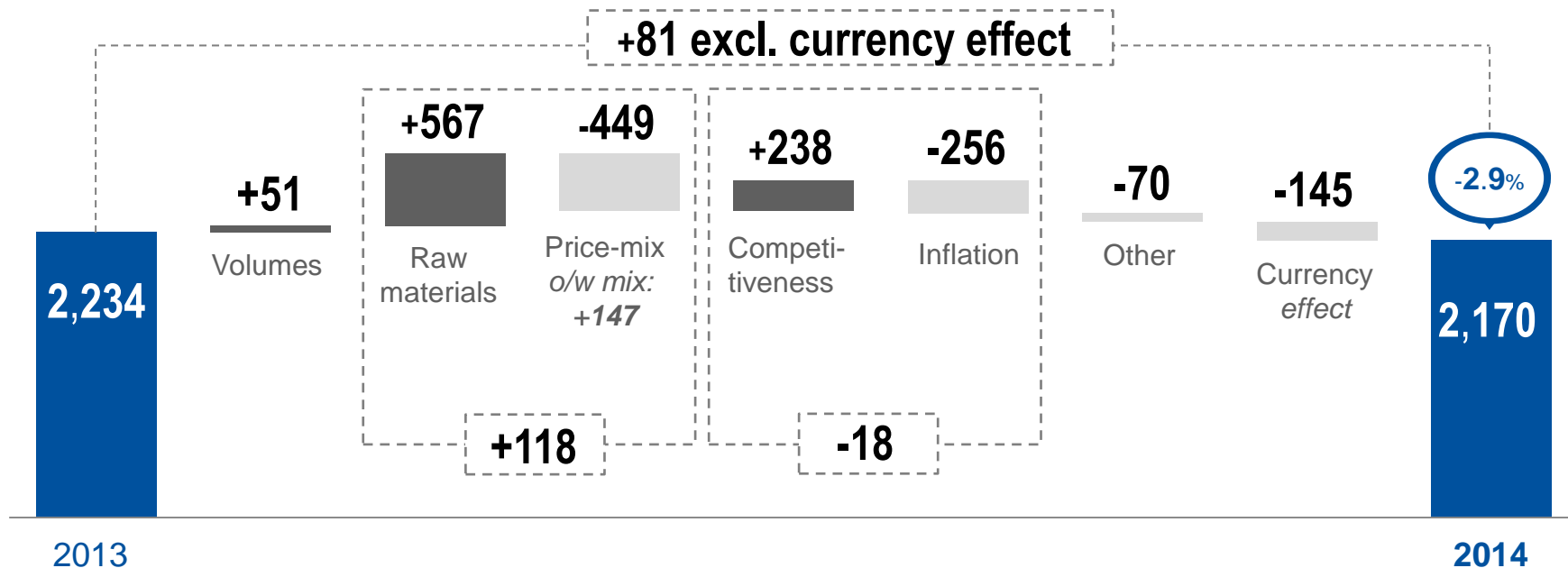
Net sales: slightly higher unit sales

► YoY change (in € millions)



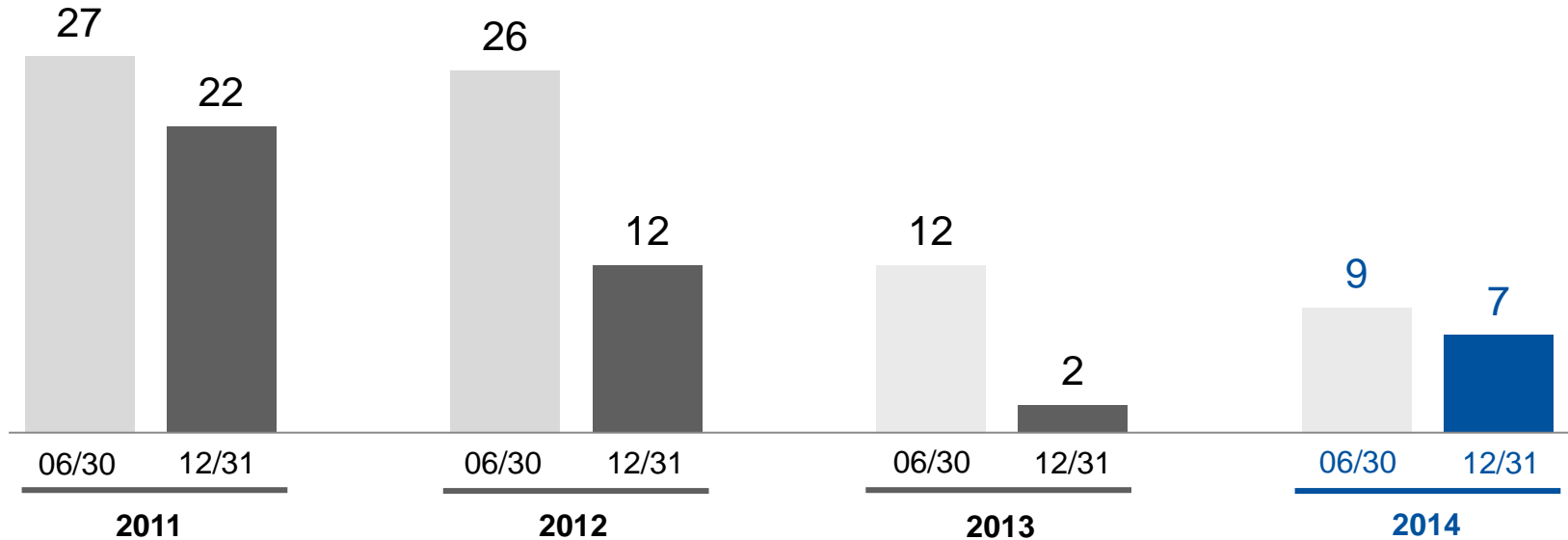
Operating income before NR up by €81m before currency effect: effective price-mix vs. raw materials management and good cost discipline, as expected

► YoY change (in € millions)



Robust financial position

► Gearing – Net debt / Equity (in %)



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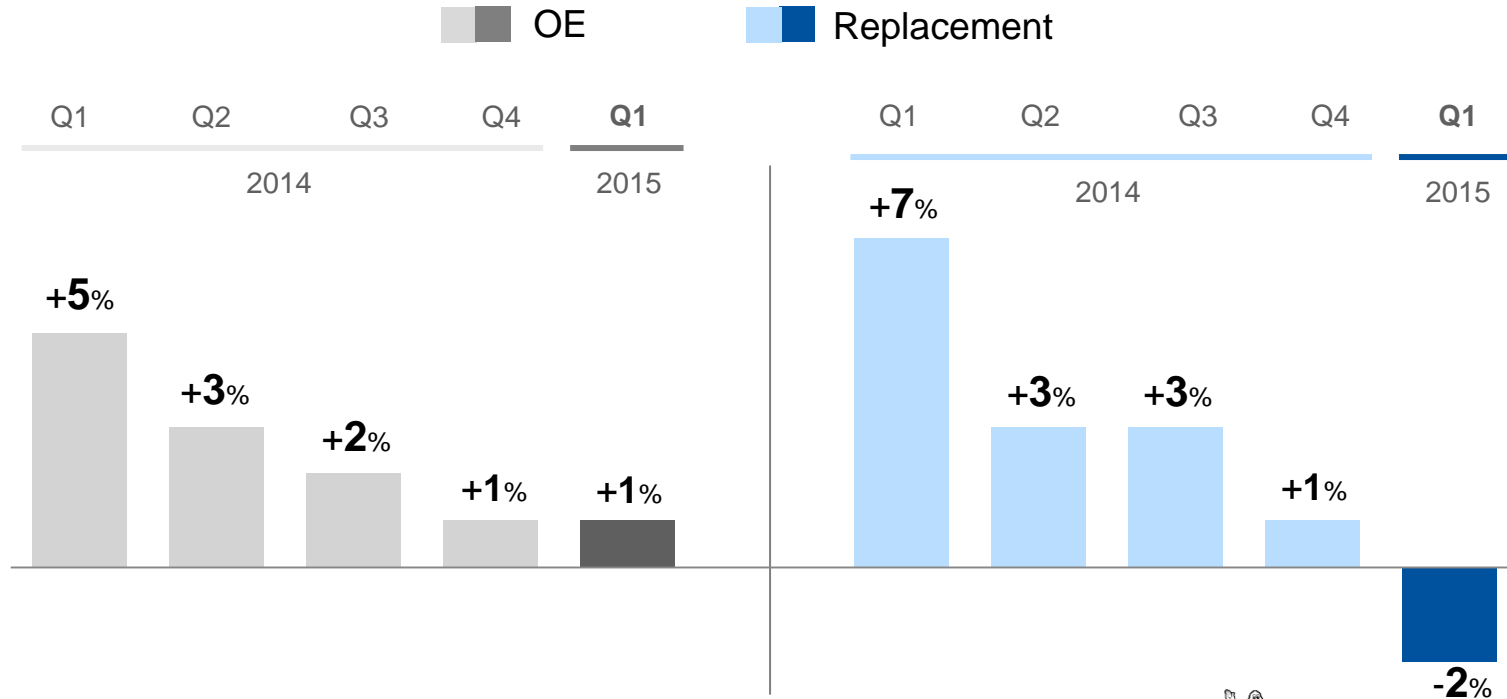
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Q1 2015 : Net sales of €5 billion, up 5.6%



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

► YoY change in number of tires

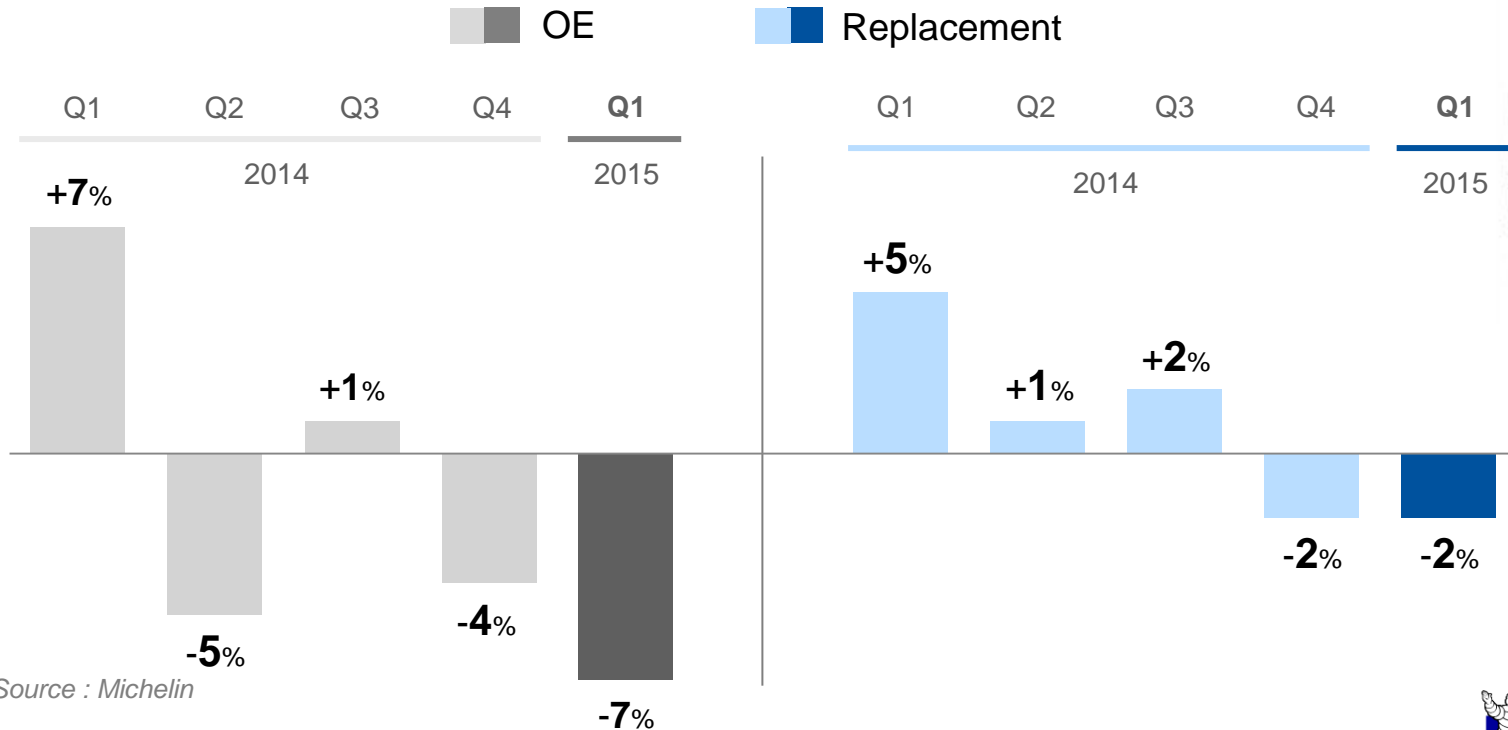


Source : Michelin



Global Truck tire markets down in Q1 2015

► YoY change in number of new tires

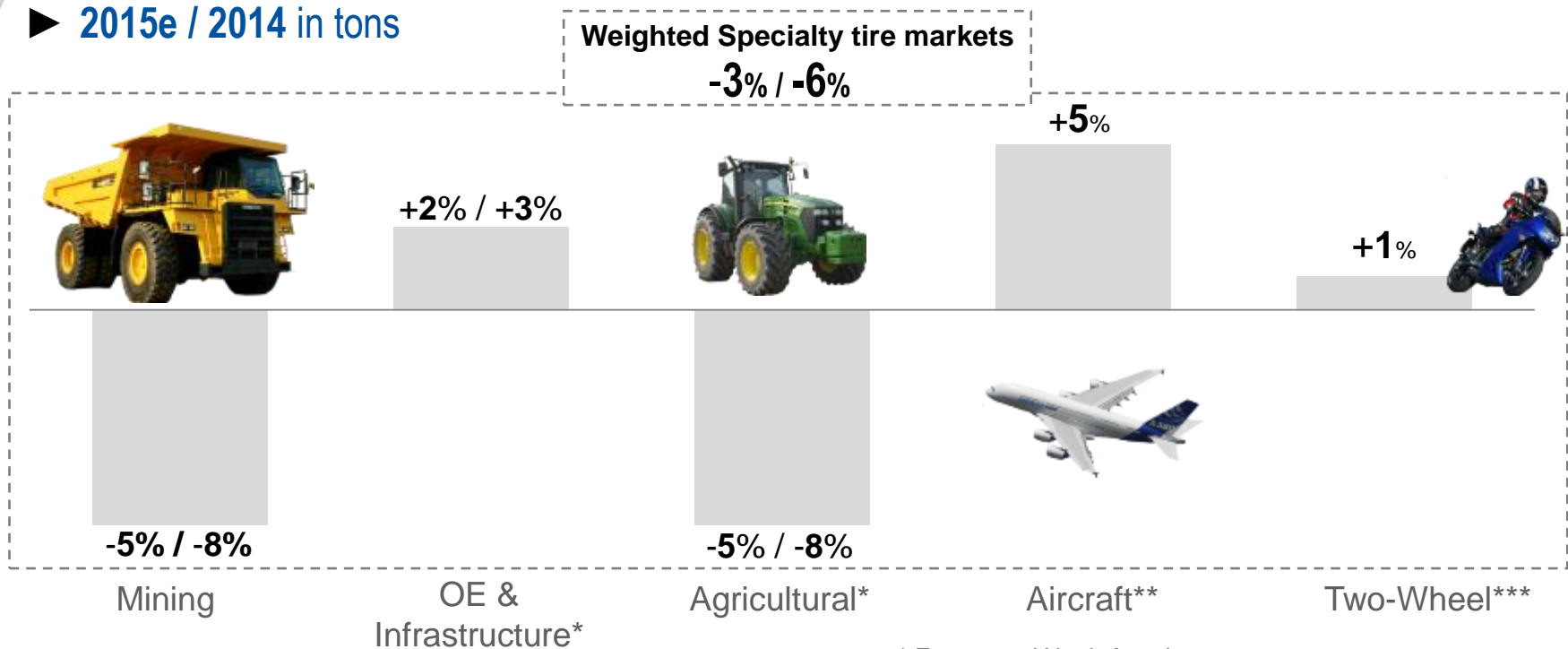


Source : Michelin



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

► 2015e / 2014 in tons



Source : Michelin

* Europe and North America

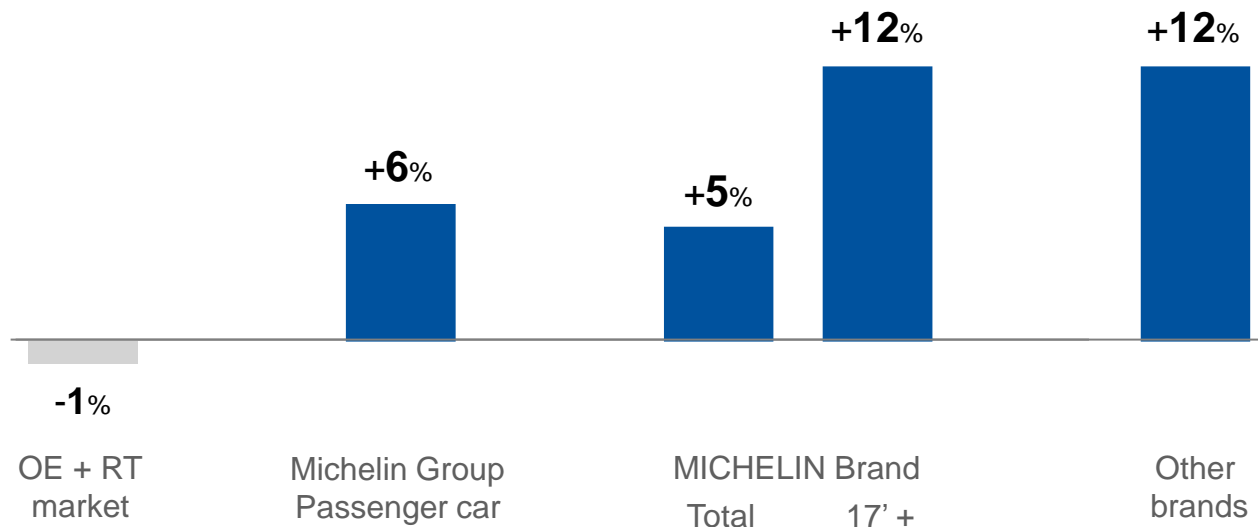
** Commercial aircraft

*** Motorcycle Europe, USA, Japan



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)

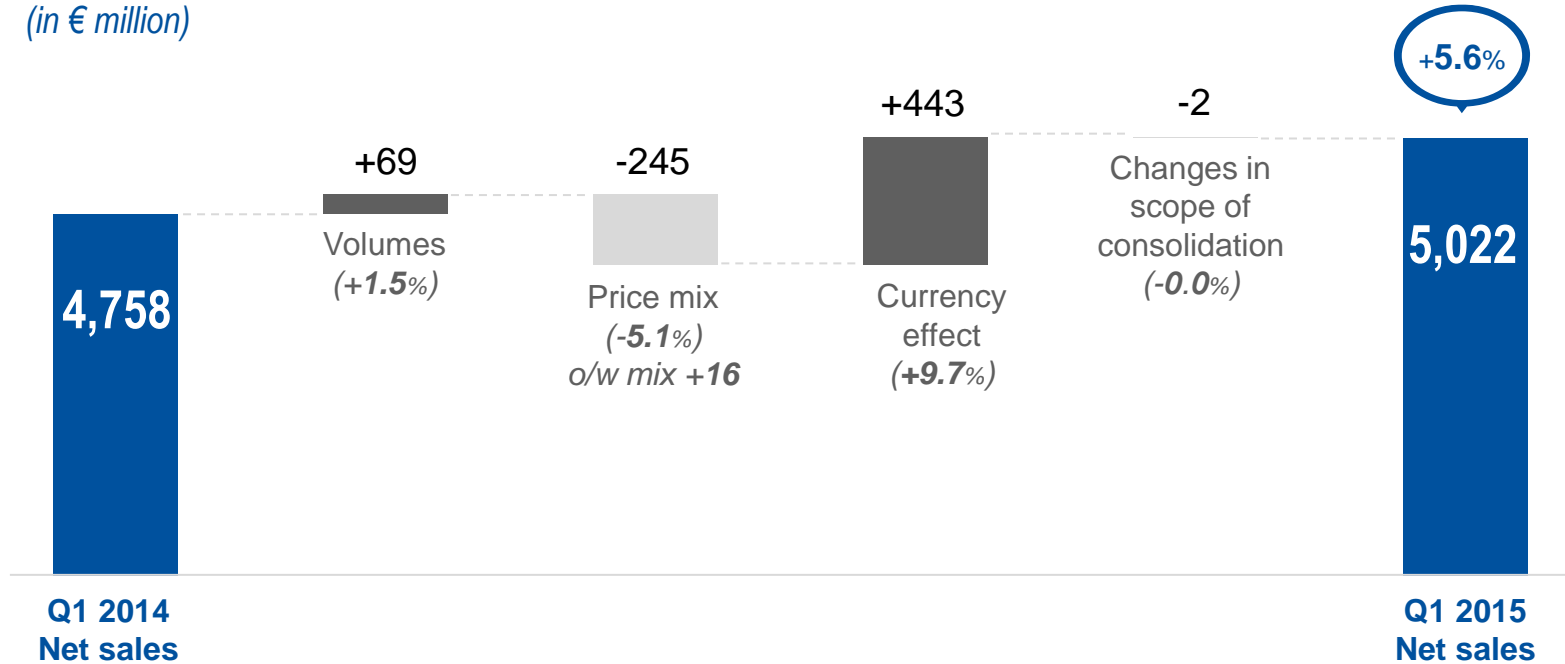


Source : Michelin



First-quarter 2015 Net sales of €5bn, with above-market volume growth of 1.5%

► YoY change (in € million)



Launch of a €750m share buyback program

- Proven ability to generate structural free *cash flow* on a recurring basis
 - EBITDA growth, Working Capital Requirement 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 free *cash flow* or slightly over 2 years worth of post dividend structural free *cash flow*
 - 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

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)

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Objectives 2015 : growth in line with markets



2015 outlook: continuation of last year's market trends

MATURE MARKETS

North America



Europe



NEW MARKETS



SPECIALTY MARKETS

Mining



OE & Infra*



Agricultural*



* in Europe and North America

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

	2015 Guidance
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%
Investments	Around €1,800m
Structural free cash flow	Approx. €700m

Products, distribution and services matching customer needs to capture growth opportunities

SERVICE INNOVATION



EFFITIRE™ by MICHELIN solutions



MARKET ACCESS



PRODUCT INNOVATION

