

Investor Day in Ladoux – June 6, 2016

2020 financial ambitions

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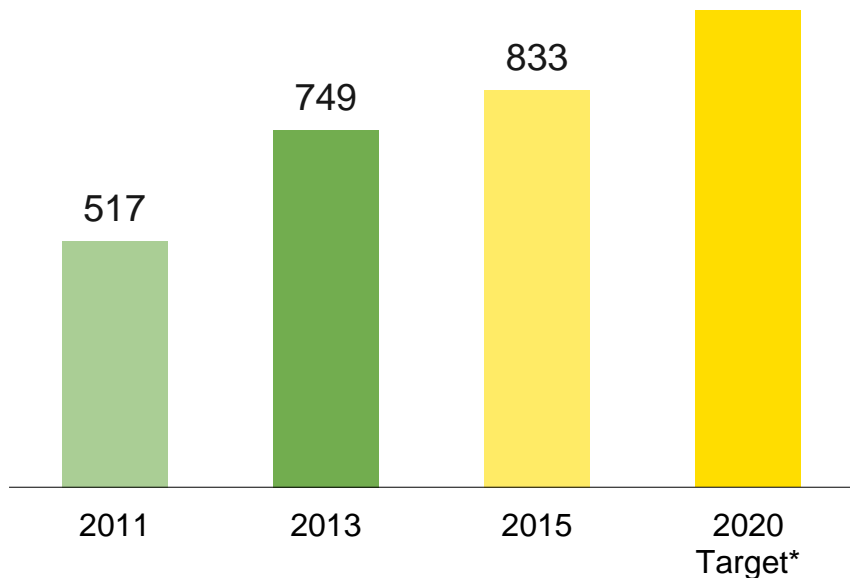


2020 : an ambitious value creation target

Deliver above €1 billion in structural Free Cash Flow from 2020*

(in millions €)

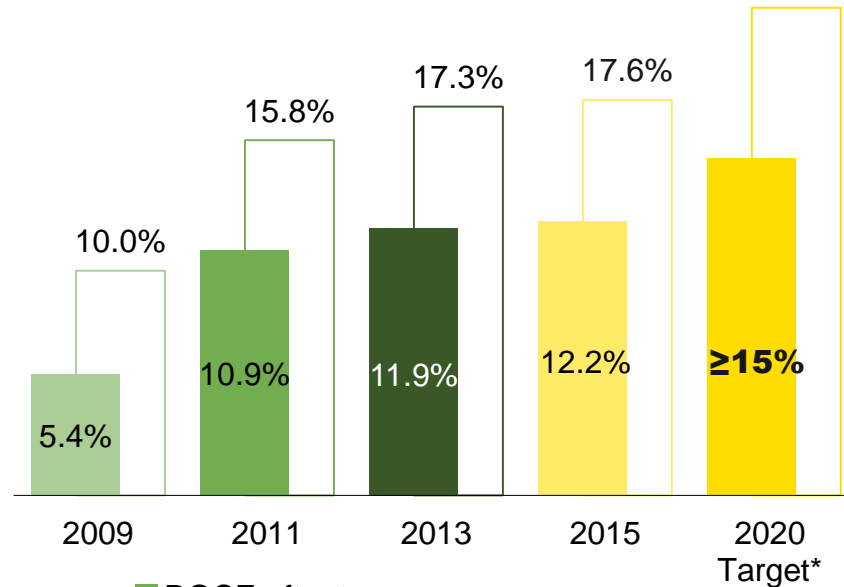
>1,000



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

(in %)

$\geq 21\%$

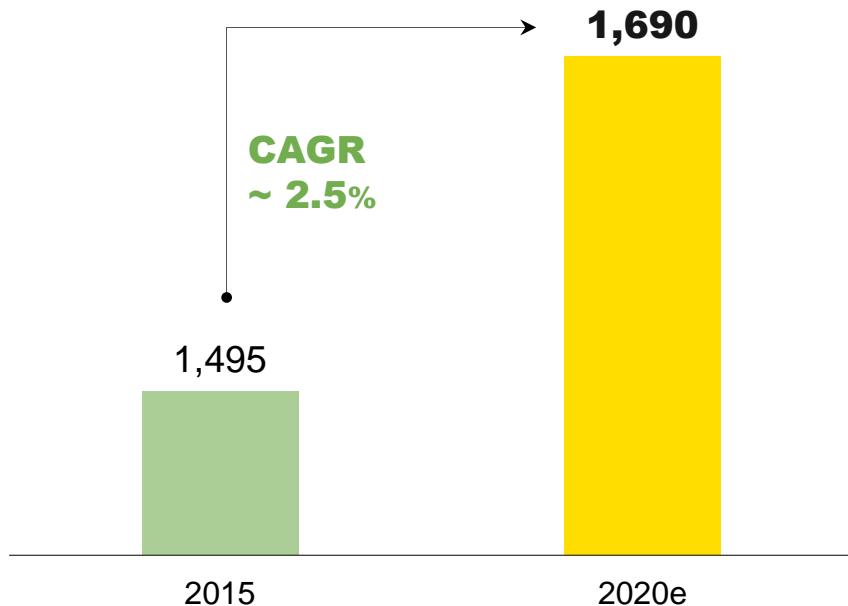


* At constant scope of consolidation

2015-2020 scenario: a growing worldwide demand

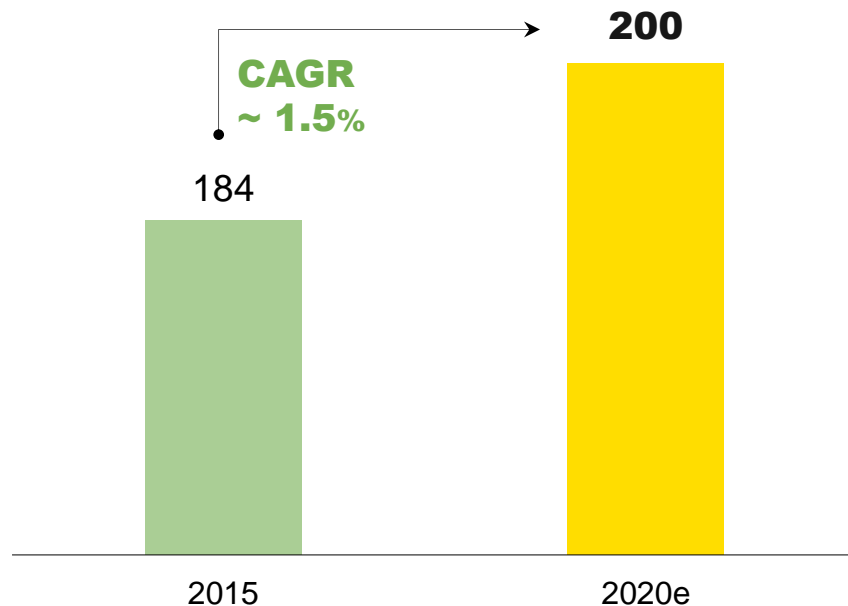
PC OE&RT market projection

(in millions of units)



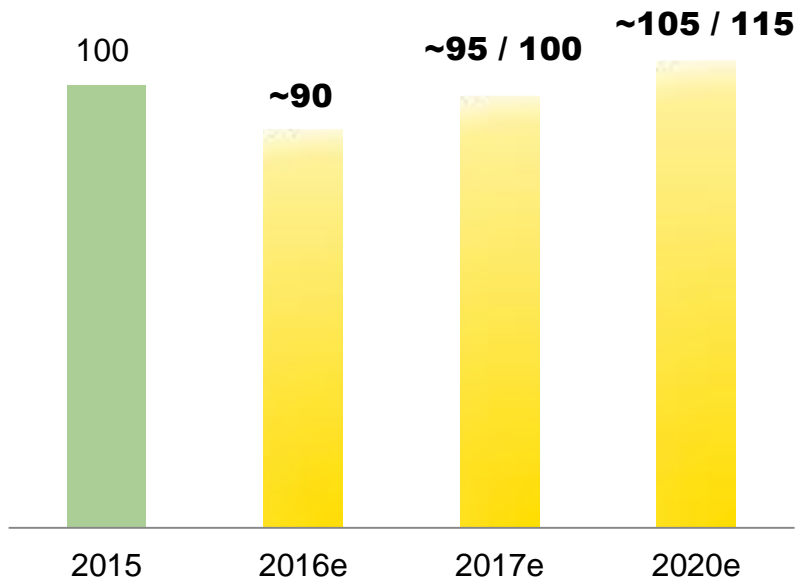
TB OE&RT market projection

(Radial & Bias in millions of units)

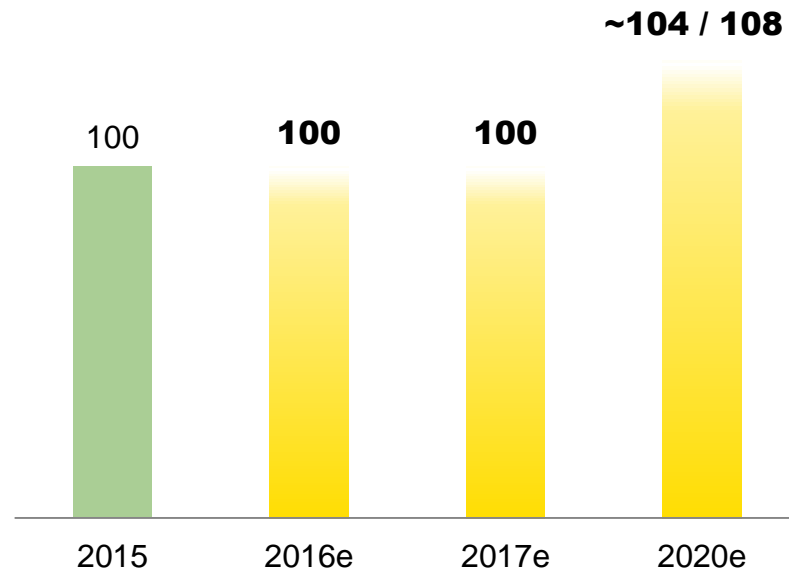


2015-2020 scenario: a growing worldwide demand

Mining: 2016 last year of destocking



Agriculture*: OE tipping point in 2017



* OE & RT in Europe and North America




2017-2020 organic growth scenario

- Above market growth in all divisions and positive product mix
- Increased Net Sales and EBIT contribution from service and solutions
- Acceleration in competitiveness ambition
- Capital expenditure in line with scenario already announced



- Reporting segment targeting higher operating margin ranges
- Higher free cash flow generation
- Increasing return on capital employed

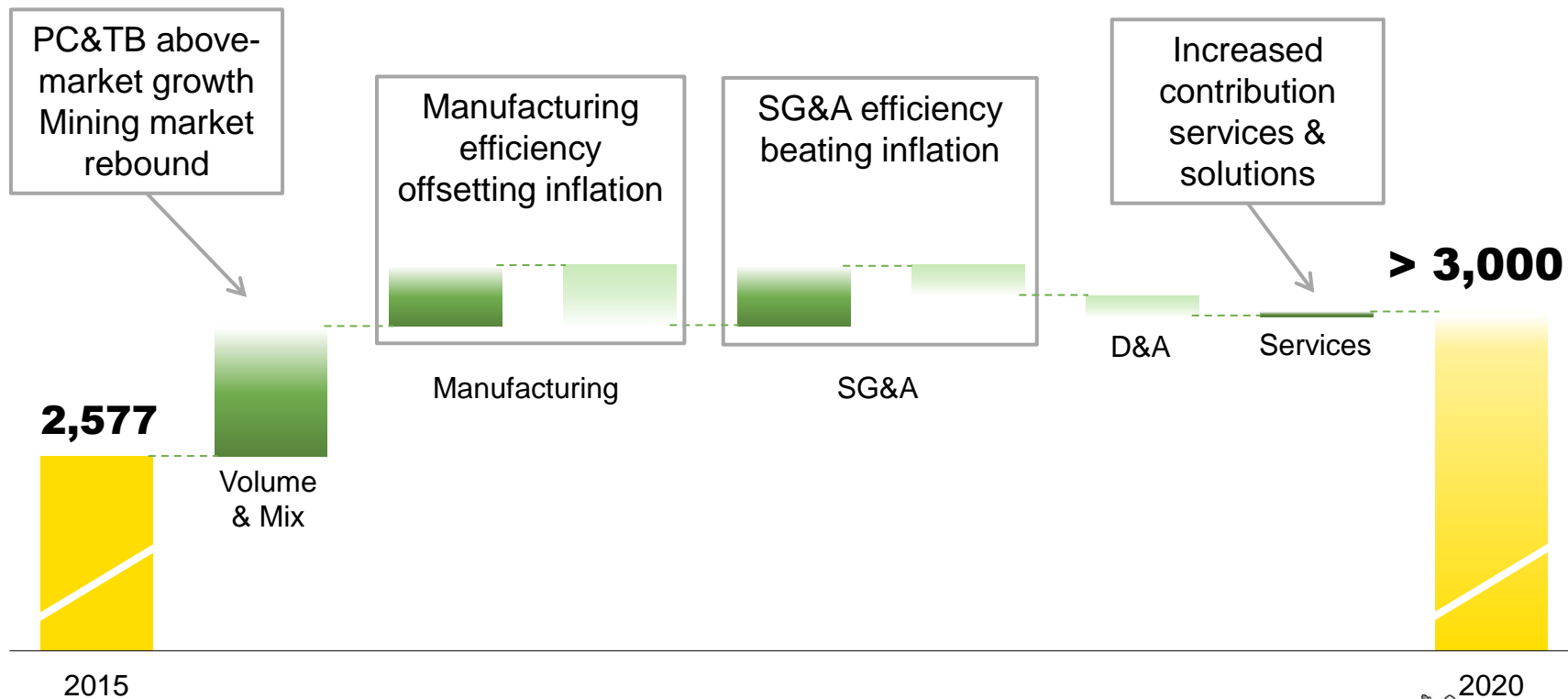
New operating margin guidance* for 2016-2020

	 SR1	 SR2	 SR3
2016-2020 target ranges**	Between 11% and 15%	Between 9% and 13%	Between 17% and 24%

* Before non-recurring items

** At constant scope of consolidation and raw materials prices, and with markets expanding by a CAGR of 2.5% in PC tires and of 1.5% in Truck tires

2015-2020 organic scenario: Consistency of 2020 financial targets



2016 – 2020 ROCE scenario

- 2020 operating income in excess of €3,000 million
- Increase in nets assets
 - Annual capital expenditure of €1.6-1.7 billion over the period
 - Depreciation and amortization up €150-200 million over the period
- Increase in WCR
 - Linked to organic growth
 - Assuming raw material costs remain constant
 - Partially offset by process improvements
- Standard tax rate stable at 31%



2020 ROCE target
(after tax):
15%

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