



Scandinavia Equita

May 21 & 23, 2014





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MICHELIN: A SOLID PERFORMANCE



2013: Solid performance and robust financial position



2013 and 2012 figures as reported

In € millions	2013	2012
Net sales	20,247	21,474
Operating income <i>(before non-recurring items)</i>	2,234	2,423
Operating margin <i>(before non-recurring items)</i>	11.0%	11.3%
Net income	1,127	1,571
Capital expenditure	1,980	1,996
Net debt	142	1,053
Gearing	2%	12%
Employee benefit obligations	3,895	4,679
Free cash flow*	1,154	1,075
ROCE	11.9%	12.8%
Dividend per share	€2.50**	€2.40

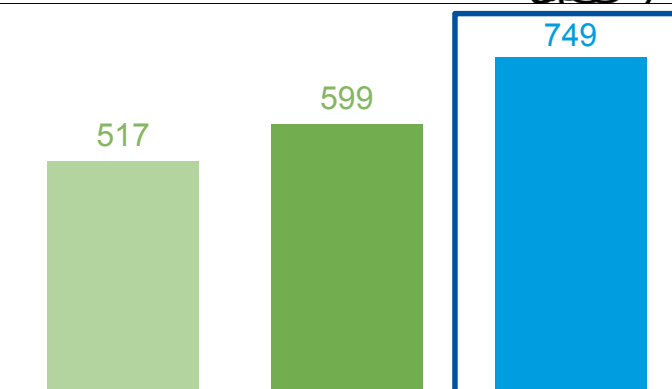
*Cash flows from operating activities less cash flows used in investing activities
 ** Submitted to shareholder approval at the May 16, 2014 Annual Meeting



A business that structurally generates Free Cash Flow



Structural free cash flow



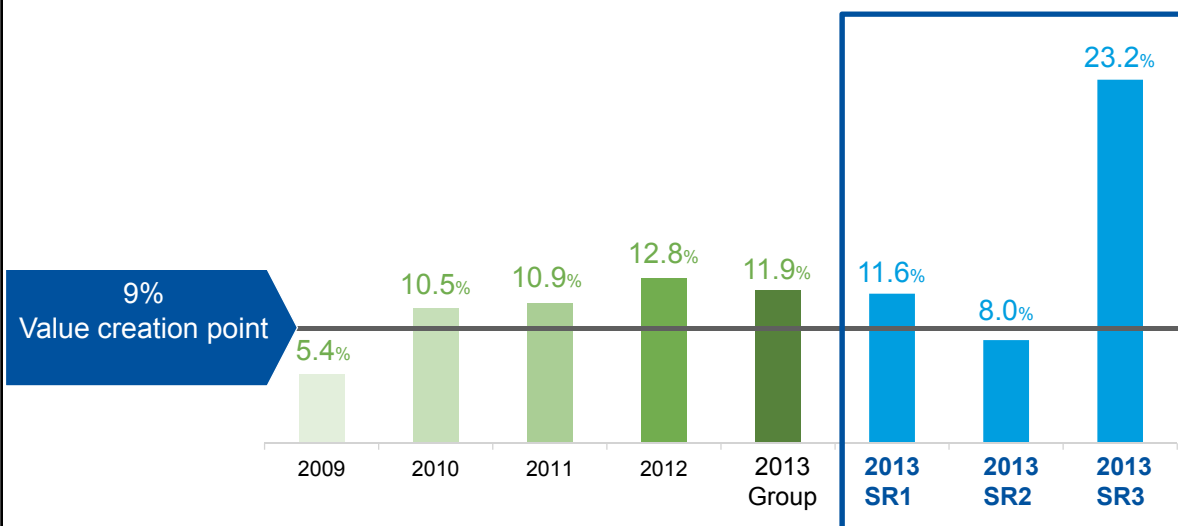
In € millions	2011	2012	2013
Reported free cash flow ⁽¹⁾	(19)	1,075	1,154
WCR impact of raw materials costs ⁽²⁾	(739)	21	405
Year-end volume effect on WCR ⁽³⁾	(200)	344	nm
One off ⁽⁴⁾ <i>(Sales of Hankook shares in 2011, sale of the Parisian building 2012)</i>	403	111	0
Structural free cash-flow ^{(1)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



Fourth straight year of value creation while investing in the growth regions



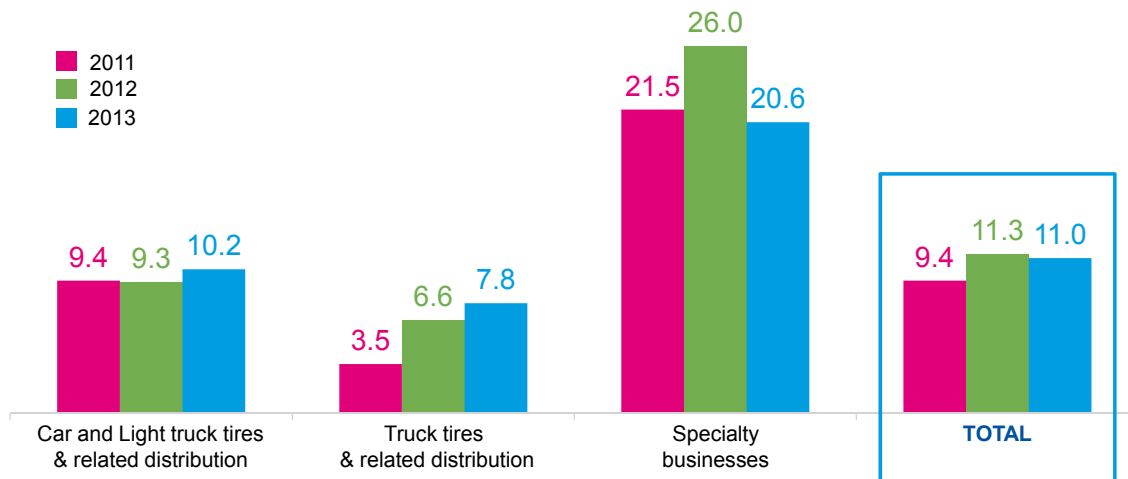
Return on capital employed (ROCE) (after tax)



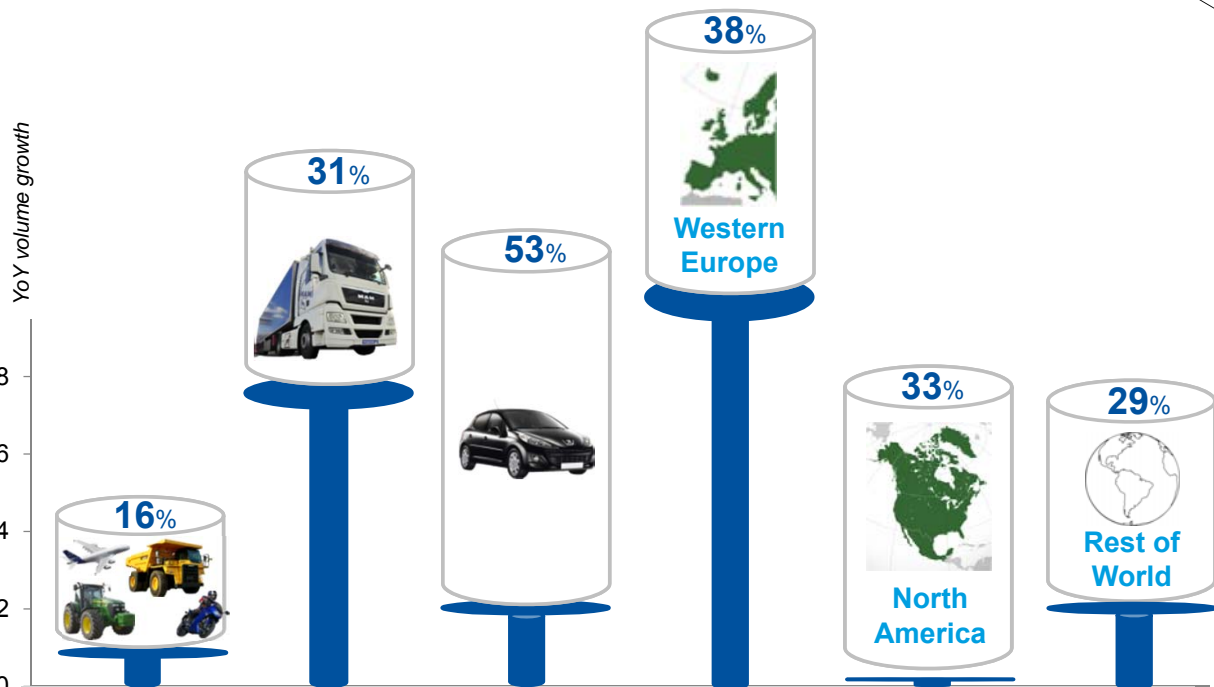
Solid margins, improving in Passenger car/ Light truck and Truck tires



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



Natural hedging through a balanced geographic and product mix



Percentage contribution of each segment/region to total Q1 2014 consolidated net sales

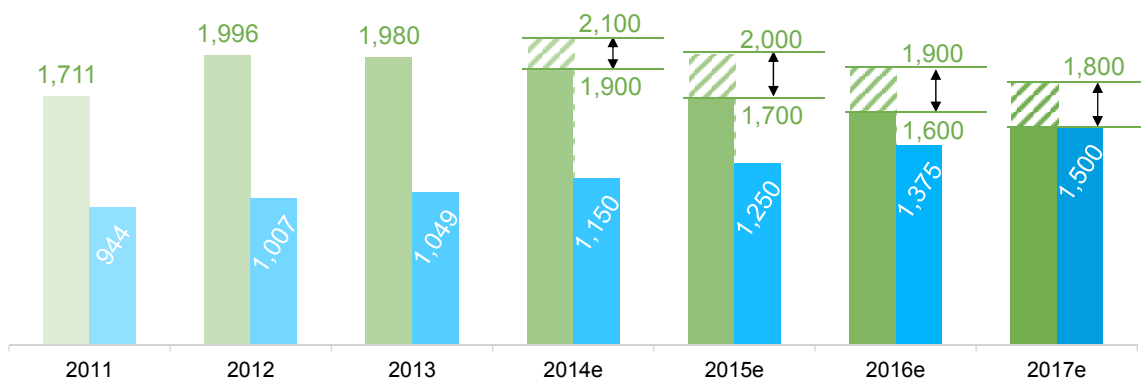


Capex will peak in 2014



Capital expenditure and depreciation (In € millions)

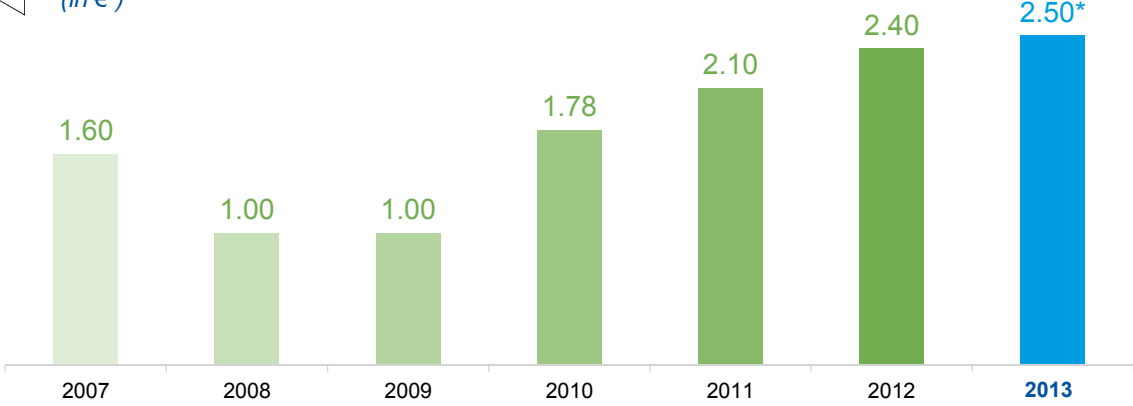
- Capital expenditure
- Depreciation



Shareholder commitment and cash redeployment: payout increased to 35%



Dividend per share
(in €)

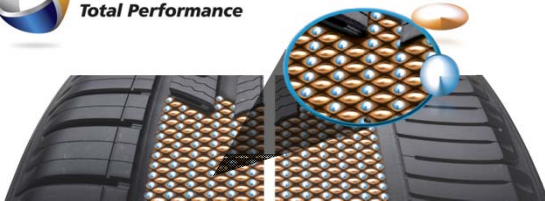


New payout ratio, 2013-2020:
35% of consolidated net income (before non-recurring items)

* Submitted to shareholder approval at the May 16, 2014 Annual Meeting



Innovation: MICHELIN EverGrip™ technology makes even worn tires safe



- ▶ Revolutionary compounds
- ▶ Self-regenerating tread patterns

PREMIER® line launch
in April 2014, in North America



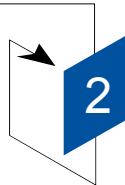
Examples of MICHELIN branded product launches:
X-Coach in China and Alpin 5 in Passenger car





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Q1 2014 NET SALES IN LINE WITH ANNUAL GROWTH TARGET



Volumes up 3.4%



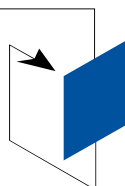
- ▶ **Markets** on the rise except in Eastern Europe
 - Demand was up in both the Passenger and Light truck and Truck segments, in particular in the mature regions off of favorable prior-year comparatives
 - Mining tire customers are drawing down inventory, as expected
- ▶ **Volumes** up 3.4%, reflecting:
 - The performance of the MICHELIN brand
 - The fast momentum in original equipment sales
 - The 8% increase in global truck tire sales
 - The growth in the AG, 2W and AV segments, which offset weak mining tire sales
- ▶ **Price-Mix** down 1%, reflecting:
 - The impact of indexation clauses and managed price repositioning, in a still favorable raw materials cost environment
 - Price increases that attenuated the unfavorable currency effect
 - A favorable mix effect, with the sustained deployment of the premium strategy
- ▶ A negative 4.6% **currency effect**, as expected due to the strong euro





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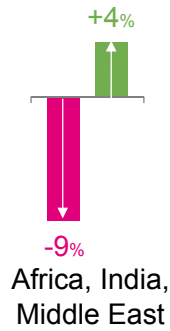
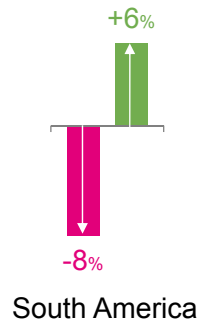
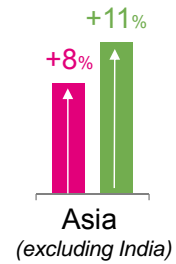
Q1 2014 IMPROVING MARKETS

Car and Light truck: Markets up except in Eastern Europe,



Markets at March 31, 2014

(% change YoY, in number of tires)



■ Original equipment
■ Replacement

Source: Michelin

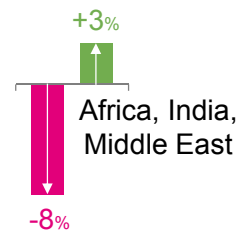
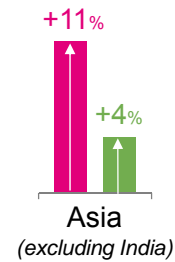
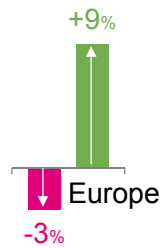
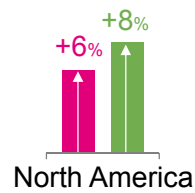


Truck: Technical rebound in bias-ply and radial tire markets, except in Eastern Europe, Southeast Asia and India



Markets at March 31, 2014

(% change YoY, in number of bias and radial new tires)



GLOBAL MARKET



■ Original equipment
■ Replacement

Source: Michelin



Truck radial: an upturn in demand, especially in North America, lifted by favorable prior-year comparatives



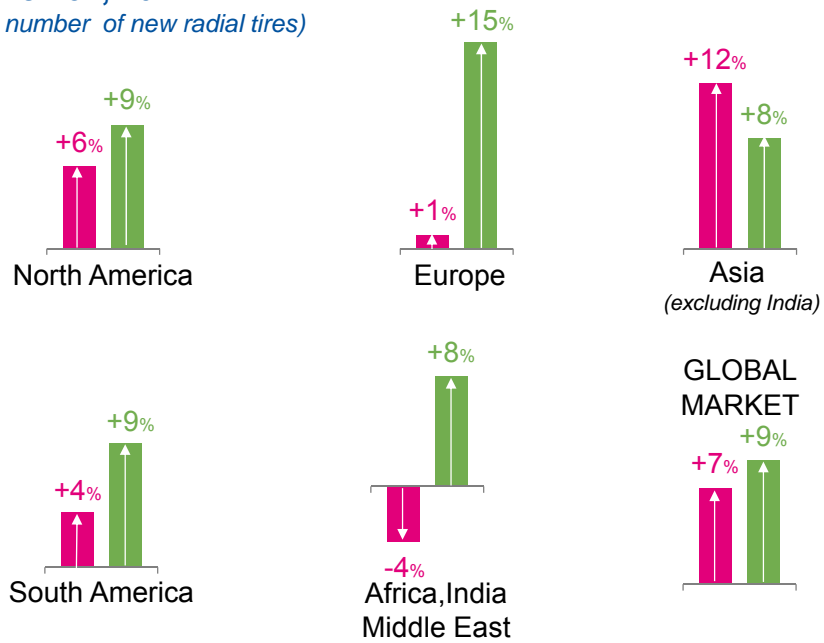
Markets at March 31, 2014

(% change YoY, in number of new radial tires)



■ Original equipment
■ Replacement

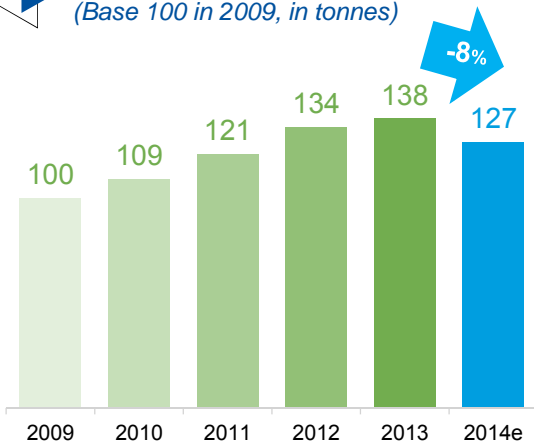
Source: Michelin



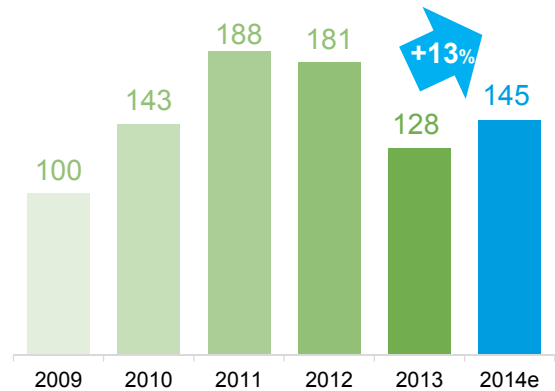
Uneven Earthmover markets



Earthmover markets (Base 100 in 2009, in tonnes)



Mining



Infrastructure and original equipment (Europe and North America)

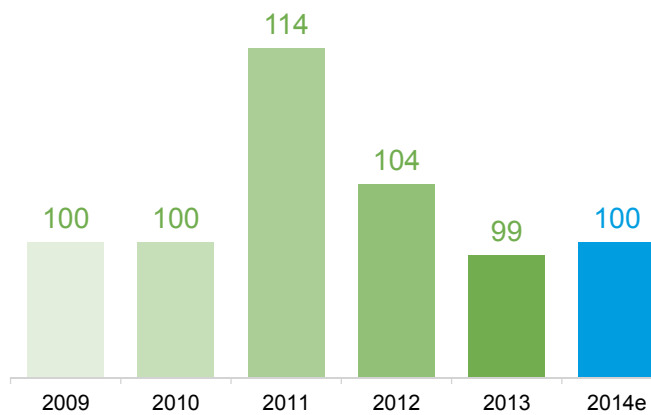


Agricultural: stable overall but robust demand for technical tires



Agricultural tire markets - Europe and North America

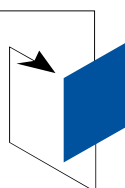
(in number of tires, base 100 in 2009)





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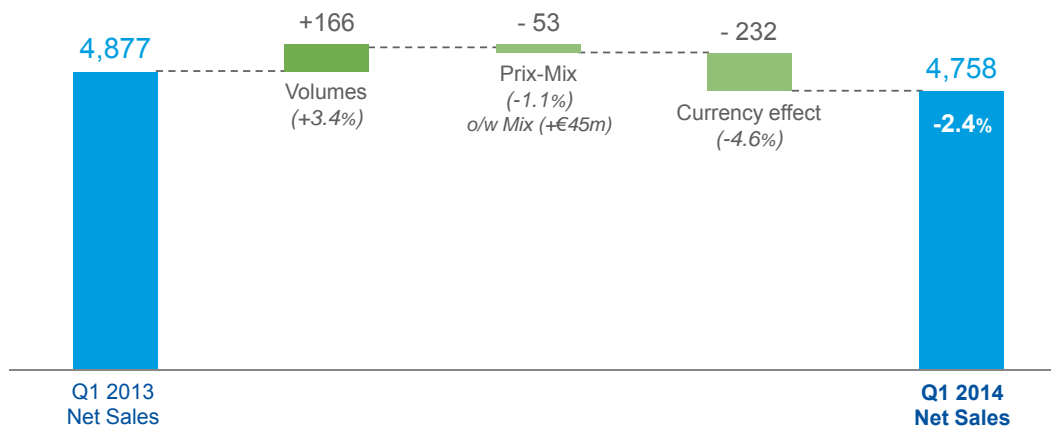


Q1 2014 NET SALES IN LINE WITH ANNUAL GROWTH TARGET

Net sales up 2.5% at constant scope of consolidation and exchange rates



YoY change
(In € millions)

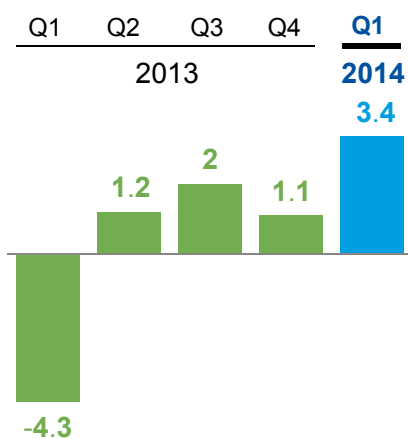


Higher volumes and carefully managed pricing policy

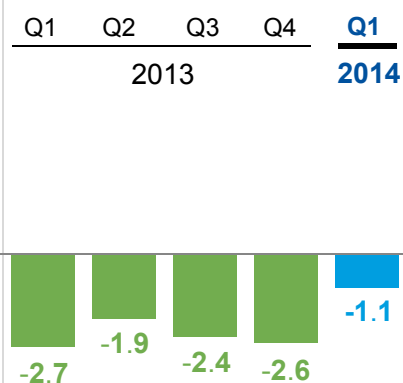


YoY change
(in %)

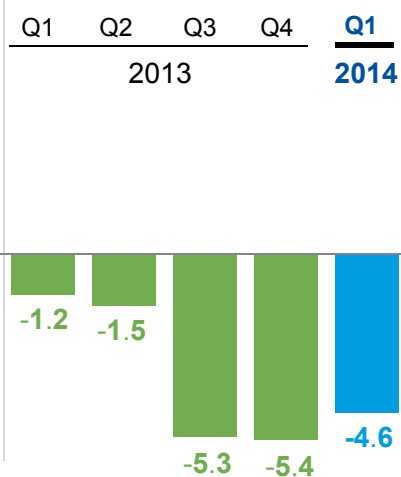
► Volumes



► Price-Mix



► Currency effect





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Q1 2014 NET SALES BY REPORTING SEGMENTS



Car and Light truck tires and related distribution: Growth driven by the premium strategy and the MICHELIN brand



Car and Light truck tires (In € millions)



	Q1 2014	Q1 2013	% change
Net sales	2,520	2,582	-2.4%
<i>Volume growth</i>	<i>+2%</i>		

► **Unfavorable currency effect (-4%)**

► **Volumes**

- Growth in MICHELIN brand tonnages, in line with the market
- BFGoodrich and Kleber brand tonnages down due to the competitive pricing environment

► **Price-Mix**

- Application of raw materials indexation clauses in OE and selected repositionings in mature RT markets
- Price increases to partly offset the currency effect (Brazil, Argentina, Russia, Japan among others)
- Sustained improvement in the ≥ 17' mix



Truck tires and related distribution: firm momentum in the first quarter



Truck tires (in € millions)



	Q1 2014	Q1 2013	% change
Net sales	1,462	1,477	-1.0%
<i>Volume growth</i>	+8%		

- ▶ Unfavorable **currency effect** (-6%)
- ▶ **Volumes**
 - Growth effectively captured in upwardly trending markets
 - More pronounced growth in OE markets
- ▶ **Price-Mix**
 - Application of raw materials clauses
 - Price increase to partly offset the currency effect
 - Mix effect dampened by the faster growth in OE sales



Specialty businesses: volumes virtually unchanged, as expected



Specialty business (in € millions)



	Q1 2014	Q1 2013	% change
Net sales	775	818	-5.2%
<i>Volume growth</i>	<i>+1%</i>		

- ▶ Unfavorable **currency effect** (-5%)
- ▶ **Growth** in every segment except mining
 - Mining volumes stable QoQ, reflecting the net impact of ongoing inventory drawdowns by mining customers, as expected, and sustained mining operations
 - Strong growth in Agricultural, 2-Wheel, Aircraft tire volumes
- ▶ **Price:** Application of raw materials clauses





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2014 GUIDANCE CONFIRMED

2014 GUIDANCE CONFIRMED



	2013	Guidance 2014	
Volumes	+ 0%	Increase in volumes of around 3%	confirmed
Impact of raw material price	+ €619m	Tailwind (due to the measurement of raw materials inventory at weighted average cost)	confirmed
Price / raw materials	+ €69m	Positive	confirmed
Competitiveness / production costs	+ €30m	Neutral	confirmed
Increase in SG&A expense	- €1m	Slightly higher	confirmed
Operating income before non-recurring items	€2,234m	Lifted by growth, excluding any currency effects	confirmed
Operating margin before non-recurring items – RS1	10.2%	Middle of the 10-12% range	confirmed
Operating margin before non-recurring items – RS2	7.8%	Top of the 7-9% range	confirmed
Operating margin before non-recurring items – RS3	20.6%	Bottom of the 20-24% range	confirmed
ROCE	11.9%	More than 11%	confirmed
CAPEX	€1,980m	Around €2,000m	confirmed
Structural free cash flow	€749m	More than €500m	confirmed



Next events



Once a month	Tire market trends
May 16, 2014	2014 general meeting of shareholders
May 19, 2014	Last day of trading cum-dividend
May 20, 2014	Ex-dividend date
May 22, 2014	Record date
May 23, 2014	Payment date
July 29, 2014	First Half 2014 Results
October 22, 2014	Net sales at September 30, 2014
November 10, 2014	Investor day in Shenyang (China)
February 10, 2015	2014 Results





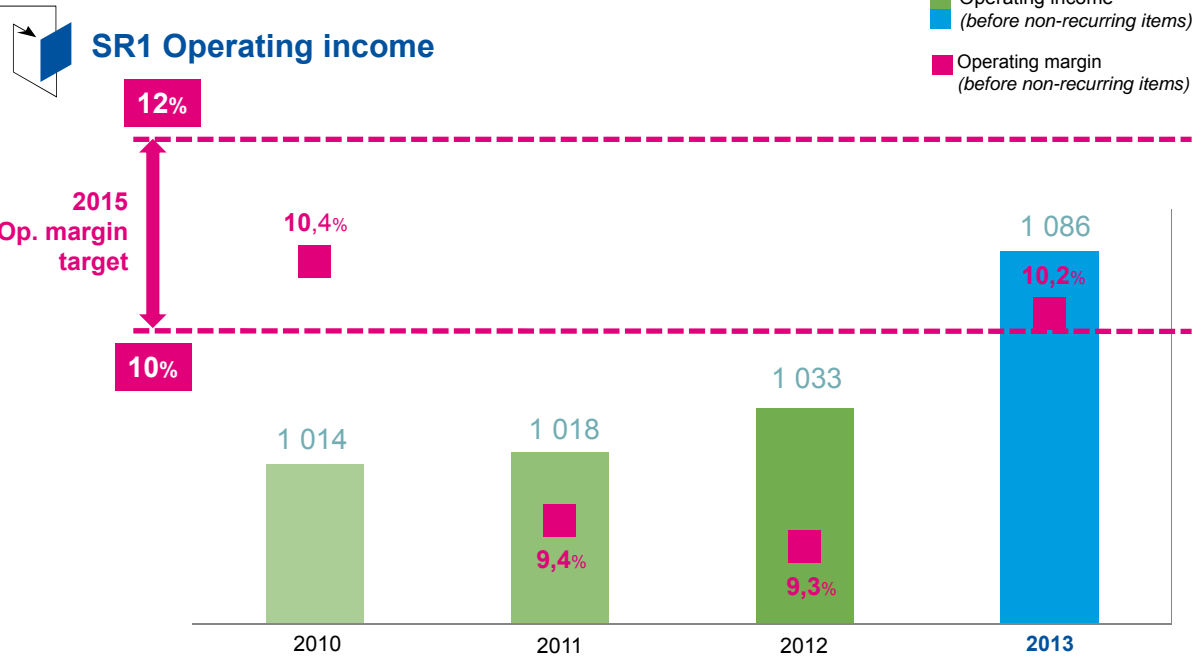
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APPENDICES

Car and Light truck: disciplined unit margin management



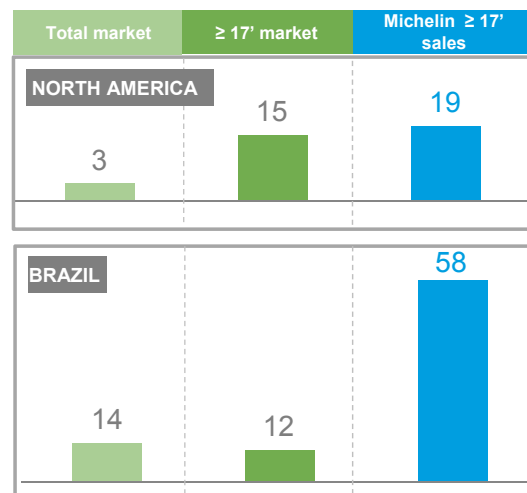
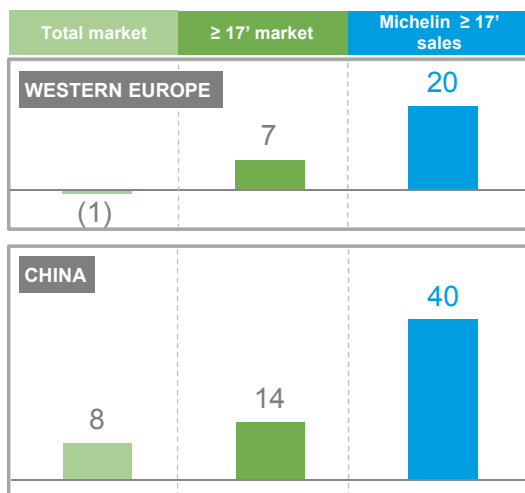
Premium Car and Light truck: technological leadership and the MICHELIN brand



- ▶ **Original equipment:** 67% of 2013 $\geq 17'$ certifications
- ▶ **Replacement:** 39% of 2013 $\geq 17'$ sales



Replacement Car and Light truck markets (% YoY change in 2013)

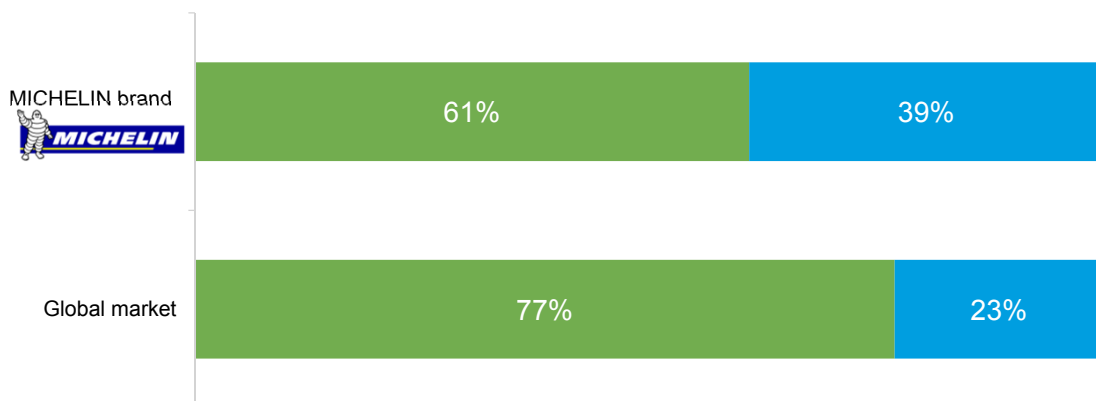


MICHELIN: clearly positioned as the premium brand



2013 Car and Light truck market by size (in number of tires)

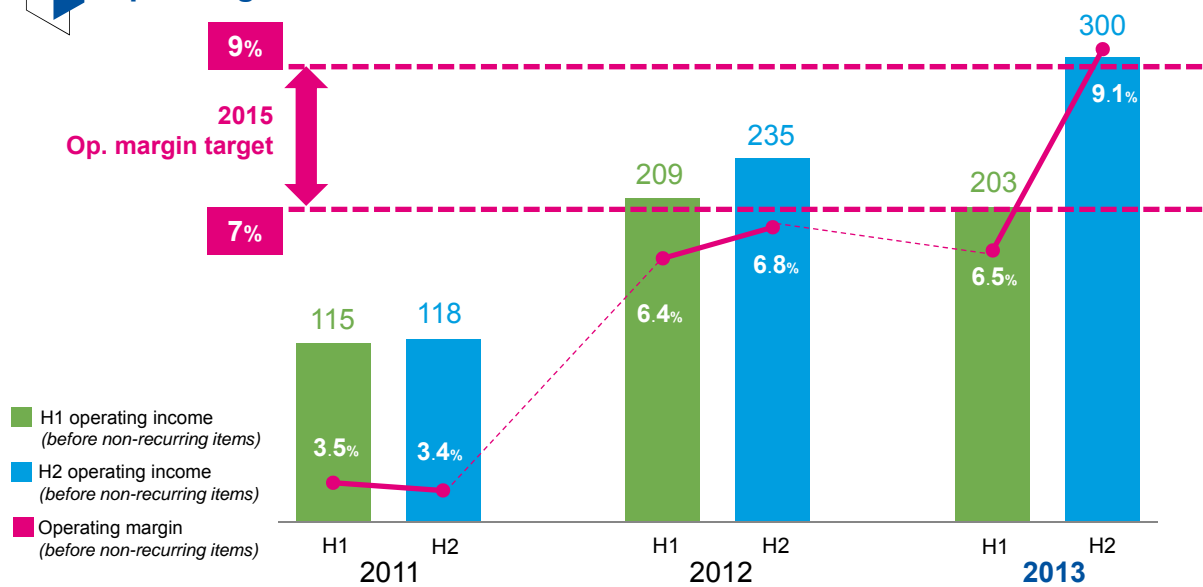
■ ≤16' ■ ≥17'



Truck tires: priority focus on restoring margins



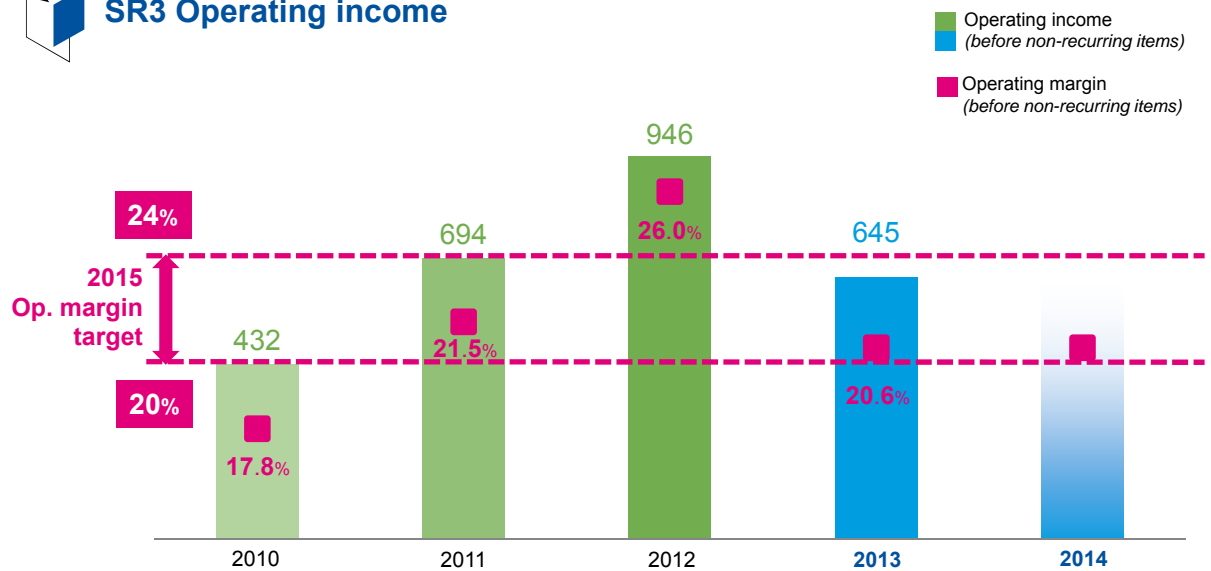
Operating income



The specialty businesses are structurally robust



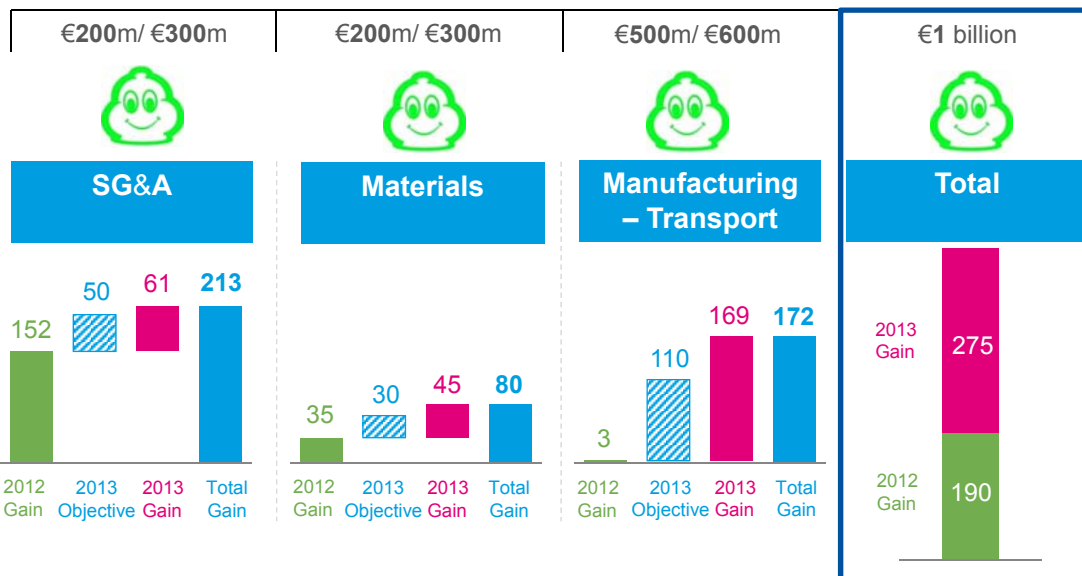
SR3 Operating income



2012-2016 Competitiveness Plan: €465 million in gains in two years despite weak volumes



GAIN OBJECTIVES 2012 – 2016*



*Before inflation and including avoided costs



More than €100m in productivity gains through industrial restructuring decided in 2013 and 2014



In € millions

	2013	2014	2015	2016	2017	
						Total
Non-recurring expense	(250)	(90)				
dont cash out	(42)	(90)	(64)	(25)	0	(221)
Cash in (asset sales)			23			
						Annual gains after 2017
Productivity gains	0	54	71	110	114	114

Capital expenditure in line with the 2013-2014 timetable to capture growth



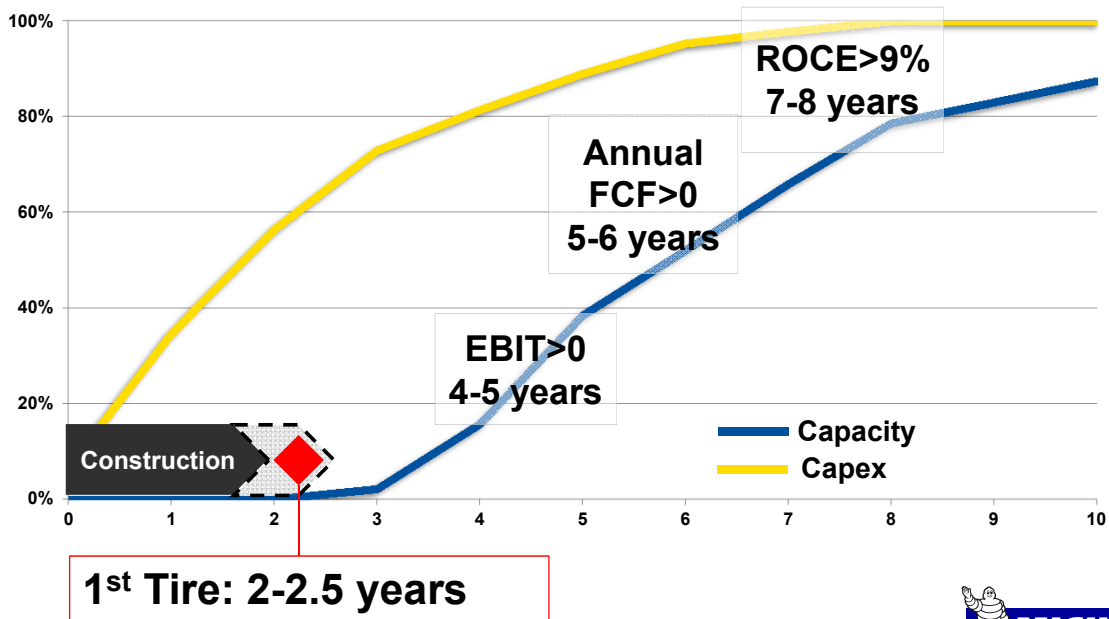
- ▶ **Brazil** (*Premium MICHELIN brand Car and Light truck tires*)
 - Production ramp-up from **17KT** at end-2013 to **30KT** end-2014
- ▶ **India** (*MICHELIN radial Truck tires*)
 - **First tire** in July 2013, production ramp-up to **12KT** in 2014
- ▶ **China** (*Premium MICHELIN brand Car and Light truck tires and MICHELIN radial Truck tires*)
 - Production ramp-up from **25KT** at end-2013 to **57KT** at end-2014
- ▶ **USA** (*giant mining tires*)
 - **First tire** in late 2013



Towards a profitable growth



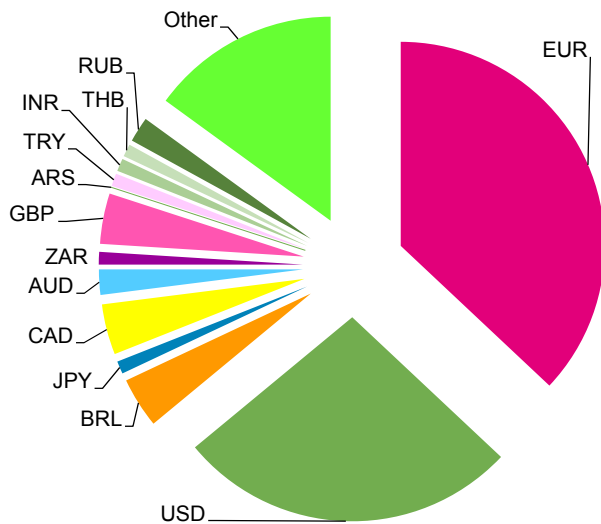
Return on a 200 KT greenfield project



High exposure to currency rates due to the Group's broad global footprint



Q1 net sales by currency



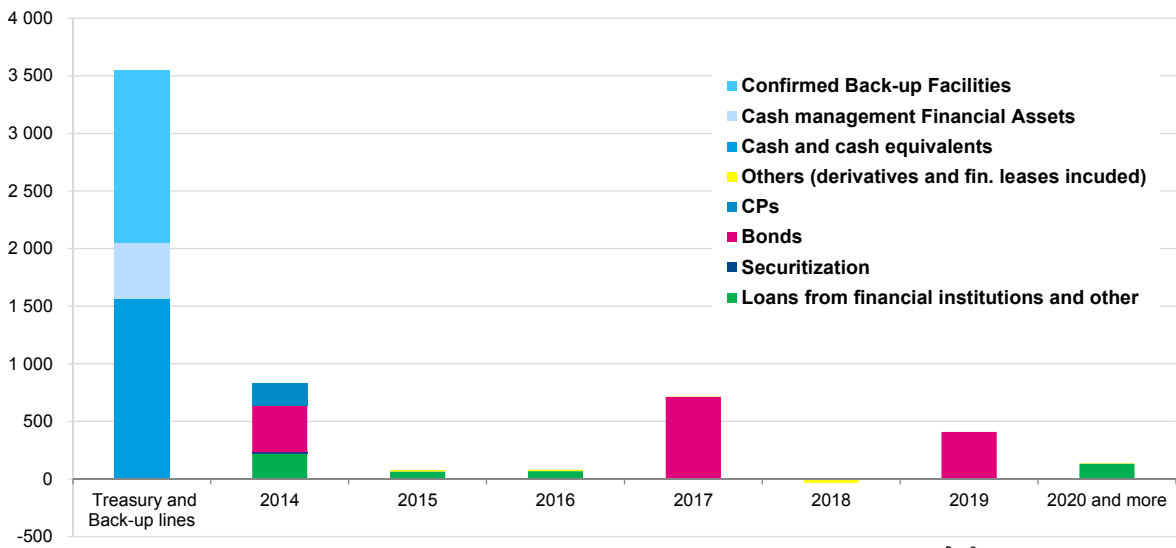
% total net sales by currency		2014 currency assumptions
EUR	37%	
USD	27%	1.38
BRL	4%	3.23
JPY	1%	141.24
CAD	4%	1.53
AUD	2%	1.53
ZAR	1%	14.88
GBP	4%	0.83
ARS	0,5%	10.77
TRY	1%	3.06
INR	1%	84.45
THB	1%	44.78
RUB	2%	49.45
Other	15%	

An exceptional cash position



Debt maturities at December 2013

(Nominal value, in € millions)



Contacts



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