PRESS RELEASE
Clermont-Ferrand – October 19, 2016

COMPAGNIE GENERALE DES ÉTABLISSEMENTS MICHELIN
Financial Information for the Nine Months Ended September 30, 2016

€15.5 billion in nine-month net sales, supported by faster-than-market growth in volumes and a pricing policy designed to capture the full value of product innovation

2016 guidance confirmed

- Volumes up 1.4% in the first nine months, outperforming the markets:
  - In the third quarter, Passenger car, Light truck and Truck tire demand was flat to slightly down in the mature markets.
  - Demand was mixed in the new markets, with sustained strength in the Chinese Passenger car/Light truck tire segment and a sharp contraction in South America.
  - The specialty tire markets were shaped by a slowdown in the Agricultural segment, a decline in demand for original equipment Earthmover tires and continued destocking by the mining companies.

- Price-mix down 1.7%, marking an improvement attributable to:
  - A pricing policy designed to capture the full value of Michelin’s technological leadership.
  - The success of its new customer offers.
  - In particular, an 11% increase in volumes in the premium 17-inch and larger segment

<table>
<thead>
<tr>
<th>Net Sales (in € millions)</th>
<th>Third Quarter</th>
<th>Nine Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Passenger car/Light truck tires &amp; related distribution</td>
<td>2,964</td>
<td>2,978</td>
</tr>
<tr>
<td>Truck tires &amp; related distribution</td>
<td>1,533</td>
<td>1,607</td>
</tr>
<tr>
<td>Specialty businesses¹</td>
<td>682</td>
<td>725</td>
</tr>
<tr>
<td>Group Total</td>
<td>5,179</td>
<td>5,310</td>
</tr>
</tbody>
</table>

¹ Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle

- **2016 guidance confirmed**

  Over the last three months of the year, markets are expected to remain mixed, in line with the trends observed in the first nine months.

  In this market environment, given the sustained deployment of the Group’s pricing strategy and the estimated €550-million positive impact from raw materials costs, the price-mix/raw materials effect is expected to add more than €150 million to operating income for the year.

  For the full year, Michelin is confirming its targets of volume growth outpacing global markets, an increase in operating income from recurring activities at constant exchange rates, and structural free cash flow of more than €800 million.
**Market Review**

- **Passenger car and Light truck tires**

<table>
<thead>
<tr>
<th>Nine months 2016 % change YoY (in number of tires)</th>
<th>Europe including Russia &amp; CIS*</th>
<th>Europe excluding Russia &amp; CIS*</th>
<th>North America</th>
<th>Asia (excluding India)</th>
<th>South America</th>
<th>Africa/India/ Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>+4%</td>
<td>+5%</td>
<td>+2%</td>
<td>+5%</td>
<td>-16%</td>
<td>+8%</td>
<td>+4%</td>
</tr>
<tr>
<td>Replacement</td>
<td>+1%</td>
<td>+3%</td>
<td>+1%</td>
<td>+4%</td>
<td>-4%</td>
<td>+4%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third-quarter 2016 % change YoY (in number of tires)</th>
<th>Europe including Russia &amp; CIS*</th>
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<th>South America</th>
<th>Africa/India/ Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>+1%</td>
<td>+0%</td>
<td>+1%</td>
<td>+12%</td>
<td>-10%</td>
<td>+9%</td>
<td>+6%</td>
</tr>
<tr>
<td>Replacement</td>
<td>-0%</td>
<td>+1%</td>
<td>+1%</td>
<td>+3%</td>
<td>-2%</td>
<td>+4%</td>
<td>+1%</td>
</tr>
</tbody>
</table>

*Including Turkey

In the first nine months of 2016, the global original equipment and replacement Passenger car and Light truck tire market rose by 2% in number of tires sold.

- **Original equipment**
  - Still buoyant demand in Europe excluding Russia and the CIS, lifted by the growth in the Southern countries. Sustained sharp contraction in Eastern Europe, down 10%.
  - North American market leveling off after strong gains, in line with registrations.
  - Strong 11% increase in China, boosted by the government's compact car purchase incentives and the popularity of SUV models. Demand down 2% in Japan, 8% in South Korea and 3% in the ASEAN nations.
  - Further steep declines in South America, albeit with a rebound in Argentina and slower slide in Brazil in the third quarter.

- **Replacement**
  - Lackluster demand in the mature geographies over the quarter, due to (i) buyer hesitation in North America and in the European winter tire segment and (ii) the growth in low-price imports.
  - In Asia excluding India, strong growth in China over the first nine months (up 8%), in line with the economic forecast for 2016. Demand was mixed in the rest of the region, with robust gains in the ASEAN nations and a 2% decline in Japan.
  - Contraction in South America, reflecting the sustained decline in Brazilian demand (down 4% over the first nine months) in a sluggish economy. In the third quarter, import quotas were raised in Argentina. Firm resilience in the premium segment.
• TRUCK TIRES (RADIAL AND BIAS)

<table>
<thead>
<tr>
<th>9 months 2016 % change YoY (in number of tires)</th>
<th>Europe including Russia &amp; CIS*</th>
<th>Europe excluding Russia &amp; CIS*</th>
<th>North America</th>
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<th>South America</th>
<th>Africa/India/ Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>+4%</td>
<td>+4%</td>
<td>-16%</td>
<td>+1%</td>
<td>-21%</td>
<td>+8%</td>
<td>-1%</td>
</tr>
<tr>
<td>Replacement</td>
<td>+4%</td>
<td>+4%</td>
<td>+2%</td>
<td>-5%</td>
<td>-0%</td>
<td>-1%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third-quarter 2016 % change YoY (in number of tires)</th>
<th>Europe including Russia &amp; CIS*</th>
<th>Europe excluding Russia &amp; CIS*</th>
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<th>Asia (excluding India)</th>
<th>South America</th>
<th>Africa/India/ Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>-0%</td>
<td>-1%</td>
<td>-21%</td>
<td>+2%</td>
<td>-6%</td>
<td>-5%</td>
<td>-3%</td>
</tr>
<tr>
<td>Replacement</td>
<td>+3%</td>
<td>+1%</td>
<td>-7%</td>
<td>-4%</td>
<td>+0%</td>
<td>-1%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

*Including Turkey

Global demand for new original equipment and replacement Truck tires declined by 2% in number of tires sold in the first nine months of 2016, with retread markets also retreating, particularly in Europe.

• ORIGINAL EQUIPMENT
  o Sustained 4% growth in the Western European market and a 3% rebound in Eastern Europe.
  o As expected, the North American market was impacted by the renewal of the local truck fleet.
  o Demand rose a sharp 12% in India and leveled off in China with a 3% gain.
  o The Brazilian market plunged 21% in a persistently difficult economy.

• REPLACEMENT
  o Western European market up 4% in the first nine months, lifted by the increase in freight tonnes carried per km and the popularity of low-price imports, which are competing for retread demand. Strong rebound in Russia (up 11% over the first nine months) and in Ukraine.
  o North American market down 7% in the third quarter, as demand cooled in the wake of first-half buying ahead of the introduction of new tariffs on Chinese tire imports.
  o Sustained contraction in China (down 6% over the first nine months and 4% in the third quarter), as truckers continued to focus on becoming more competitive in a less favorable economy.
  o Demand has bottomed out in Brazil, rising 1% over the first nine months from a low base.

• SPECIALTY TIRES

• EARTHMOVER TIRES: The mining tire market contracted significantly for the third year in a row, as operators further reduced inventory while production remained stable. The drawdowns are expected to ease by year-end.
Original equipment markets declined in the mature geographies due to weak demand. The Chinese market is also cooling this year after dropping precipitously in 2015. Dealer hesitation is weighing on demand for infrastructure and quarry tires, which declined over the period.

- **Agricultural Tires**: After falling steeply in 2015, the mature original equipment markets picked up slightly over the first nine months, led by demand for small tractors. However, they fell back sharply in the third quarter. Replacement markets retreated overall in the mature regions, dragged down by low farm commodity prices.

- **Two-Wheel Tires**: Motorcycle tire markets climbed in Europe for the fourth straight year, buoyed by rising dealer purchases. Demand shrank significantly in North America but generally remained on an upward trend in the emerging markets.

- **Aircraft Tires**: Demand in the commercial aircraft segment continued to grow, led by the rise in passenger traffic.

### Michelin Net Sales

**Consolidated Net Sales**

<table>
<thead>
<tr>
<th>(In € millions and %)</th>
<th>Third-Quarter 2016</th>
<th>Nine Months 2016:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>5,179</td>
<td>15,471</td>
</tr>
<tr>
<td><strong>Y-o-Y change</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Change</strong></td>
<td>-131</td>
<td>-335</td>
</tr>
<tr>
<td><strong>Y-o-Y change</strong></td>
<td>-2.5%</td>
<td>-2.1%</td>
</tr>
<tr>
<td><strong>Of which volumes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-50</td>
<td>+217</td>
</tr>
<tr>
<td><strong>Price and Mix</strong></td>
<td>-51</td>
<td>-275</td>
</tr>
<tr>
<td><strong>Y-o-Y change</strong></td>
<td>-1.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Currency Effect</strong></td>
<td>-67</td>
<td>-363</td>
</tr>
<tr>
<td><strong>Y-o-Y change</strong></td>
<td>-1.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td><strong>Changes in Scope of</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidation</strong></td>
<td>+38</td>
<td>+86</td>
</tr>
<tr>
<td><strong>Y-o-Y change</strong></td>
<td>+0.5%</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

*In tonnes

Net sales for the first nine months of 2016 totaled €15,471 million, a decline of 2.1% from the year-earlier period that was attributable to the net impact of the following factors:

- A **1.4% increase in volumes** over the first nine months, which outpaced the markets. Momentum slowed in the third quarter in Europe, however, in an extremely competitive price environment.

- The **price-mix impact, which reduced net sales by 1.7%**, reflecting an improvement on the first half thanks to a pricing policy designed to capture the full value of the MICHELIN brand and its technological leadership. Half of the overall €258 million negative price effect stemmed from the application of indexation clauses, while the €17 million negative mix effect reflected the success of the MICHELIN brand's premium strategy, offset by the brand mix, the relative growth rates of OE and replacement sales and the contraction in the Earthmover tire business. The mix effect was more favorable in the third quarter, led by a solid performance in the premium segment and by an improvement in the Passenger car brand mix and the mix of the Group’s different businesses.

- A **2.3% unfavorable currency effect** following the euro’s rise against the Group’s main operating currencies.

- A 0.5% increase from the consolidation of German wholesaler Meyer Lissendorf, of Blackcircles, the UK's leading online tire retailer, and of
BookaTable, Europe's number one online restaurant reservation service.

- **NET SALES BY REPORTING SEGMENT**

- **PASSENGER CAR AND LIGHT TRUCK TIRES & RELATED DISTRIBUTION**

  In the first nine months of 2016, and in light of the unfavorable currency effect, net sales in the Passenger car and Light truck tires & related distribution business stood at €8,880 million, up 0.5% from €8,838 million in the year-earlier period.

  - Volumes ended the first nine months up 2.5%, despite softer growth in the third quarter caused by pricing pressures in Europe. In all, Michelin improved its positions in the OE markets, in the 18-inch and larger segment and in all of the emerging geographies.

  - The price effect reflected the impact of raw-materials indexation clauses in the OE segment and Group’s pricing policy.

  - The mix remained favorable, with the MICHELIN brand’s growth in the 18-inch and larger segment helping to offset the less positive effects of higher volumes in the value lines, the OE segment and in the new markets.
• **Truck tires & related distribution**

Taking into account the unfavorable currency effect, nine-month net sales in the Truck tires & related distribution business amounted to €4,440 million, down 5.0% from the €4,675 million reported in the year-earlier period.

- Truck tire volumes held fairly firm over the first nine months, rising 0.3% in a global market down 2%, thanks to the MICHELIN brand’s resilience in the premium segment and the success of the new BFGoodrich and intermediate lines introduced in emerging markets and North America.
- The negative price effect primarily corresponds to price adjustments implemented in North America and the application of raw-materials indexation clauses.

• **Specialty businesses**

Net sales by the Specialty businesses stood at €2,151 million in the first nine months of 2016, down 6.2% from €2,294 million in the year-earlier period. The decline reflected the net impact of a slightly favorable currency effect, price adjustments under raw-materials indexation clauses and the impact of cooling demand, which caused a 2.3% decline in volumes sold.

- Earthmover tires: net sales declined, reflecting the unfavorable impact of raw-materials indexation clauses and the decrease in volumes sold.
- Agricultural tires: net sales contracted due to the negative impact of price cuts and the unfavorable currency effect, while volumes held firm.
- Two-Wheel tires: net sales rose over the period, led by the commuting segment and the emerging markets, with volume gains offsetting the unfavorable impact of the geographic mix and the currency effect.
- Aircraft tires: net sales increased on the back of higher volumes.
Third-Quarter 2016 Highlights

- A new premium passenger car tire plant to be built in Mexico (July 4)
- Strategic collaboration agreement signed with Boeing subsidiary Aviall (July 12)
- Michelin share buyback program continues (August 1)
- Acquisition of bicycle and motorcycle tire manufacturer Levorin strengthens Michelin's presence in Brazil (August 26)
- The MICHELIN X GUARD Truck tire takes to the road in China (August 31)
- Formula-E 2016/2017 - The latest MICHELIN Pilot Sport EV2 tires successfully pass pre-season litmus test (September 12)
- A new employee stock ownership plan (September 15)
- Inauguration of the new R&D campus, the heart of Michelin innovation (September 16)
- Meeting the needs of mine operators with the innovative MICHELIN XDR3 dump truck tire (September 16)
- Engie joins Michelin in investing in European fuel cell manufacturer Symbio FCell (September 19)
- The MICHELIN Guide tours Shanghai (September 21)
- The new MICHELIN CrossClimate+, built for safety in all conditions, from the first to the last mile (October 1)
- MICHELIN Pilot Sport4 S wins across the board (October 1)

A full description of third-quarter 2016 highlights may be found on the Michelin website: http://www.michelin.com/eng
PRESENTATION AND CONFERENCE CALL
The quarterly information for the period ended September 30, 2016 will be reviewed during a conference call in English later today (Wednesday, October 19, 2016) at 6:30 PM, CEST. Please refer to http://www.michelin.com/eng for practical information concerning the conference call.

You may follow the presentation with slideshow synchronization at http://www.michelin.com/eng

If you have any questions, please phone one of the following numbers:

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- In the United Kingdom 0203 367 9459
- In North America (855) 402-7763
- From anywhere else +44 (0) 203 367 9459

INVESTOR CALENDAR
- **2016 net sales and results:** Tuesday, February 14, 2017 before start of trading
- **Quarterly information for the three months ending March 31, 2017:** April 20, 2017 after close of trading

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