First Quarter 2018:
Michelin announces net sales of €5.2 billion, up 1.4% at constant exchange rates.
2018 guidance confirmed.

- Slight decline in the Passenger car, Light truck and Truck tire markets, as announced:
  - OE demand down in Passenger car and Light truck tires, impacted by the Chinese and North American markets, and robust in Truck tires
  - Replacement demand comparatively weaker due to early buying in Q1 2017
- Sustained strong demand for Specialty tires.
- Favorable 1.1% net impact from the price-mix/volume effect in Q1, in line with the 2018 scenario:
  - Positive 3.4% price-mix effect, led by disciplined price management
  - Volumes down 2.3%, given the particularly strong early buying of MICHELIN brand tires in Q1 2017
- Highly unfavorable 7.7% currency effect caused by the stronger euro.
- Recommended cash offer made for Fenner PLC and joint venture formed with Sumitomo Corporation of Americas, in line with the Group’s strategy.

Roll-out of a new close-to-the-customer organization:

<table>
<thead>
<tr>
<th>NET SALES (in € millions)</th>
<th>First Quarter 2018 New organization</th>
<th>First Quarter 2017 New organization</th>
<th>% change New organization</th>
<th>Actual First Quarter 2017 reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS1: AUTOMOTIVE AND RELATED DISTRIBUTION</td>
<td>2,772</td>
<td>3,056</td>
<td>-9.3%</td>
<td>3,201</td>
</tr>
<tr>
<td>RS2: ROAD TRANSPORTATION AND RELATED DISTRIBUTION(1)</td>
<td>1,368</td>
<td>1,489</td>
<td>-8.2%</td>
<td>1,518</td>
</tr>
<tr>
<td>RS3: SPECIALTY BUSINESSES(2)</td>
<td>1,078</td>
<td>1,022</td>
<td>+5.5%</td>
<td>848</td>
</tr>
<tr>
<td>GROUP TOTAL</td>
<td>5,218</td>
<td>5,567</td>
<td>-6.3%</td>
<td>5,567</td>
</tr>
</tbody>
</table>

Following the roll-out of the new organization, the Group’s segment information is now reported as follows:
(1) Replacement light truck tires have been transferred from reporting segment 1 (Automotive) to reporting segment 2 (Road transportation).
(2) Construction truck tires have been transferred from reporting segment 2 to reporting segment 3 (Specialty businesses). Reporting segment 3 includes the following businesses: Mining, Earthmover, Construction Truck, Agricultural, Two-Wheel and Aircraft tires and High-Tech Materials

2018 guidance confirmed

Over the full year, demand is expected to increase slightly in the Passenger car and Light truck tire markets and remain stable in the Truck tire markets. The mining tire market should continue to enjoy robust growth. The currency effect will remain highly unfavorable throughout the year, with a currently estimated €350 million negative impact on operating income from recurring activities (of which €250 million in the first half).
Against more favorable prior-year comparatives, sales volumes will be lifted by the new closer-to-the-customer organization and a large number of new product launches. The Group will continue to agilely manage prices so as to protect its unit margins in an increasingly competitive marketplace.
Michelin confirms its 2018 targets of volume growth in line with global market trends, operating income from recurring activities exceeding the 2017 figure at constant exchange rates, and structural free cash flow of more than €1,100 million.
Market Review

- **Passenger Car and Light Truck Tires**

The number of original equipment (OE) and replacement Passenger car and Light truck tires sold worldwide declined somewhat in the first three months of 2018, with demand varying by region.

- **Original Equipment**
  - OE demand remained strong in Europe, although an unfavorable calendar effect in the first quarter fed through to a 3% decline as reported.
  - After an 8% drop in second-half 2017, the decline in North American demand slowed to 5% during the first quarter.
  - The Chinese market contracted by 2%, impacted by an unfavorable calendar effect and carmaker inventory drawdowns.
  - In South America, demand continued to rise off of low prior-year comparatives in a more favorable economic environment.

- **Replacement**
  - In Europe excluding Russia and CIS, demand slipped 2%, reflecting the high bases of comparison caused by early buying ahead of the price increases announced in late first-quarter 2017.
  - North American markets contracted 1% due to the particularly high bases of comparison for locally made tires (down 5%), while import sales were up off of low comparatives.
  - Markets in Asia excluding India retreated 2% both overall and in China as demand eased from the highs reached in first-quarter 2017 before prices were raised late in the period. In South America, the market grew by 9%, lifted by imports on the back of favorable exchange rates.
With demand robust in the OE markets (up 5%) but cooling in the replacement segment (down 2%), the total number of new truck tires sold worldwide declined somewhat in first-quarter 2018, while retreading demand rose in North America and Europe.

**ORIGINAL EQUIPMENT**
- Demand up a sustained 7% in Western Europe and down in Eastern Europe.
- Strong 20% upsurge in the North American market, lifted by vigorous freight demand and favorable comparatives.
- In China, after a 2017 shaped by very strong economic growth and compliance-driven new truck sales, the OE market ended the first quarter down 2%.
- OE demand continues to rebound in South America, led by economic expansion and truck exports.

**REPLACEMENT**
- Replacement demand in Europe was unchanged over the period including Russia and CIS, but was down 2% excluding Russia and CIS due to the high bases of comparison caused by early buying ahead of the price increases carried out in late first-quarter 2017.
- North American markets enjoyed brisk demand, gaining 4% in a buoyant economic environment, shaped by a very sharp upturn in imports even as demand for locally produced tires softened by 7%.
- In a still favorable economic environment, demand declined by 6% in Asia (excluding India) and by 9% in China, reflecting the high prior-year comparatives lifted by early dealer buying ahead of the announced price increases.
- In South America, demand grew by 7%, led by import sales boosted by favorable exchange rates.

**SPECIALTY TIRES**

- **EARTHMOVER TIRES:** the mining tire market pursued its robust recovery that began in late 2016, as inventory drawdowns came to an end among international mining companies, oil companies and regional mines.
  The OE and replacement infrastructure and quarry tire segments also rose sharply, buoyed by the favorable economic environment.
- **AGRICULTURAL TIRES:** OE markets enjoyed their fourth straight quarter of strong growth, led by sustained demand from farm machinery manufacturers. As a corollary, replacement demand was weaker.
- **TWO-WHEEL TIRES:** dampened by early-year weather conditions, motorcycle and scooter tire markets declined in Europe but held firm in North America. Demand in the commuting segment continued to trend upwards in the new markets.
- **AIRCRAFT TIRES:** demand in the commercial aviation segment continued to grow, led by the increase in passenger traffic.
Michelin Net Sales

- **CONSOLIDATED NET SALES**

<table>
<thead>
<tr>
<th>(IN € MILLIONS)</th>
<th>First Quarter 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES</td>
<td>5,218</td>
</tr>
<tr>
<td>Q1 2018 vs. Q1 2017</td>
<td></td>
</tr>
<tr>
<td>TOTAL CHANGE</td>
<td>(349)</td>
</tr>
<tr>
<td>OF WHICH VOLUMES*</td>
<td>(128)</td>
</tr>
<tr>
<td>PRICE-MIX</td>
<td>190</td>
</tr>
<tr>
<td>CURRENCY EFFECT</td>
<td>(429)</td>
</tr>
<tr>
<td>CHANGES IN SCOPE OF CONSOLIDATION</td>
<td>18</td>
</tr>
</tbody>
</table>

*In tonnes

Note: The first-time application of IFRS 15, “Revenue from Contracts with Customers”, as from January 1, 2018 does not have a material impact on the reported data.

Net sales for the first quarter of 2018 totaled €5,218 million, a decline of 6.3% from the year-earlier period that was attributable to the following factors:

- **The 2.3% decrease in volumes**, which was primarily due to the unfavorable basis of comparison with first-quarter 2017, which saw massive dealer inventory build-ups ahead of the announced price increases. Mining tire sales maintained the momentum gained in 2017.
- **The price-mix effect, which increased net sales by 3.4%**, combining a €171 million favorable price effect stemming from the disciplined pricing policies applied in 2017 to offset higher raw materials costs, and a €19 million positive mix effect.
- **A 7.7% negative currency effect** following the euro’s increase against the Group’s operating currencies, especially the US dollar.
- A 0.3% increase from the first-time consolidation of Levorin and Nextraq.

- **NET SALES BY REPORTING SEGMENT**

  - **AUTOMOTIVE & RELATED DISTRIBUTION**

  Given the unfavorable currency effect, net sales stood at €2,772 million for the first three months of 2018, down 9.3% from €3,056 million in the year-earlier period.
  - The 5% fall-off in volumes in a slightly weaker global market was primarily attributable to the 8% surge in early buying of MICHELIN brand tires in first-quarter 2017.
  - The price effect mainly comprised the increases implemented in 2017 in the replacement segment to offset higher raw materials costs and the impact of indexation clauses. It also reflected the impact of the targeted adjustments made in the most competitive markets during the first quarter. The mix
effect remains favorable, led by growth in MICHELIN brand sales in the 18” and larger segment.

### ROAD TRANSPORTATION & RELATED DISTRIBUTION

First-quarter net sales, including the unfavorable currency effect, amounted to €1,368 million, down 8.2% from the €1,489 million reported in the first three months of 2017.

- Truck division volumes declined by 4% in a slightly weaker market, primarily due to a highly unfavorable basis of comparison in first-quarter 2017 (up 3%).
- The price effect reflected the increases implemented in 2017 to offset higher raw materials costs and disciplined management of prices early in 2018.

### SPECIALTY BUSINESSES

Net sales by the Specialty businesses stood at €1,078 million in the first three months of 2018, up 5.5% from €1,022 million in the year-earlier period. The impact of the 8% growth in business and the favorable price-mix effect more than offset the highly unfavorable currency effect (mainly from the euro/US dollar exchange rate) during the period.

- Earthmover tires: despite the unfavorable currency effect, net sales rose sharply over the quarter, lifted by strong growth in volumes.
- Agricultural tires: despite the unfavorable currency effect, net sales of agricultural tires increased, led by growth in OE volumes.
- Two-Wheel tires: net sales, excluding Levorin, suffered from the contraction in the recreational segment in the mature markets, which ended the period down overall. This more than offset the sustained growth in net sales in the Scooter Europe and commuting segments. The unfavorable currency effect reflected the business line’s global footprint. Levorin’s integration is proceeding apace, in line with the business plan.
- Aircraft tires: net sales were down slightly, as the currency effect more than offset the robust volume gains in the commercial radial segment.
First-quarter 2018 highlights

- Michelin and Sumitomo Corporation to create the second largest wholesale tire dealer in the United States and Mexico (January 3, 2018)
- Successful issue of $600 million in non-dilutive, cash-settled convertible bonds due 2023 (January 5, 2018)
- Jean Dominique Senard’s succession plan: at the next Annual Meeting, shareholders will be asked to elect Florent Menegaux as General Managing Partner and Yves Chapot as Managing Partner (February 9, 2018)
- Mobivia joins forces with Michelin to drive further growth in A.T.U (February 12, 2018)
- MICHELIN CROSSCLIMATE range extends into light trucks and vans with the MICHELIN AGILIS CROSSCLIMATE tire (February 15, 2018)
- Michelin makes a recommended cash offer for all shares of Fenner PLC (March 19, 2018)
- CFAO and Michelin team up to market high-quality tires in Kenya and Uganda (March 21, 2018)
- Michelin Track Connect: the market’s first connected tire to enhance your circuit driving experience (March 29, 2018)
PRESENTATION AND CONFERENCE CALL
The quarterly information for the period ended March 31, 2018 will be reviewed during a conference call in English later today (Monday, April 23, 2018) 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

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- From anywhere else +44 207 194 3759 + pin code 67457574#

INVESTOR CALENDAR
- First-half 2018 net sales and results: Monday, July 23, 2018 after close of trading
- Financial information for the nine months ended September 30, 2018: Monday, October 22, 2018 after close of trading

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