DECEMBER 5, 2019
LONDON

GOLDMAN SACHS,
11TH ANNUAL GLOBAL AUTO CONFERENCE
Leverage on Group’s strengths, in four domains of growth, to enhance customers mobility and create value

Michelin strengths

- **Michelin Brand leadership**
  *Michelin Man sacred* "Icon of the Millennium"

- **High-tech material leadership**
  125 years of competencies and innovations in flexible composite materials and transformation processes

- **Employees engagement**
  In 2018, 80% of employees say they are proud and happy to work at Michelin

*By American magazine advertising week

Four domains of growth
Resilient margin and robust strengths and levers give confidence to sustainably grow FCF

Change in segment operating income 2014 – 2018
(in € millions)

- 2014: 2,170
- 2015: -30
- 2016: 237
- 2017: 145
- 2018: 304
-Fx 15-18: -51
- 2019e: 2,775

Structural Free Cash Flow 2014 – 2019e
(in € millions)

- 2014: 717
- 2015: 833
- 2016: 961
- 2017: 1,509
- 2018: 1,274
- 2019e: > 1,450

2019e onwards: Michelin’s strengths and levers for more value creation

- A powerful brand on structurally growing markets
- Innovation for better performance, respectful of Environment
- Tires moving towards more technology
- Business expansion leveraging our customers base and our distinctive competencies
- Competitiveness plan deployment
- Working capital optimization

11th Annual Global auto conference – London - December 5, 2019
**Recognition for the economic and environmental benefits of Michelin tires’ long-lasting performance**

- By offering customers tires that deliver high performance until 1.6mm wear indicators appear

 Michelin is improving the tire industry’s environmental footprint

- by avoiding raw material waste
- by reducing carbon emissions

 Michelin is improving consumer purchasing power

- by increasing the time between tire changes
- by improving, with worn tires, the fuel efficiency* 

* Up to a 20% reduction in rolling resistance

- Michelin’s approach is supported by:
  - The automotive industry
  - The European Parliament

**2019**

The European Parliament approves worn tire testing

**2022**

In Europe, long-lasting performance will be a prerequisite for every tire
Innovation leader with Uptis: the airless concept, an essential step towards more sustainable mobility

- From ambition to action -

**FOR THE NEW C.A.S.E MOBILITY**
(Connected, Autonomous, Shared, Electric)

- Benefits for car owner
  More serenity during the journeys

- Benefits for fleet owners and professionnals
  Productivity optimisation

- Benefits for all
  Material savings and waste reduction

Co-developed with General Motors

**AIRLESS TECHNOLOGY “PUNCTURE PROOF”**
Michelin’s extra-financial rating: a leading and recognized player in sustainable mobility

- Major Sustainability Rating (As of September 2019)

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<tbody>
<tr>
<td>Water Security</td>
<td>A</td>
<td>GOLD</td>
<td>A1+</td>
<td>OUTPERFORMER</td>
<td>PRIME</td>
<td>AA</td>
</tr>
<tr>
<td>Rating</td>
<td>-</td>
<td>78/100</td>
<td>68/100</td>
<td>77/100</td>
<td>B-</td>
<td>7.3/10</td>
</tr>
<tr>
<td>Ranking / Distribution of ratings</td>
<td>Top 1%(natural rubber)</td>
<td>1er/31 secteur</td>
<td>7ème/54 secteur</td>
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Sales for the nine months ended September 30, 2019
In weaker than expected markets, Michelin’s volumes declined by 0.8% in the first nine months of 2019, with in particular:

- A contraction in Automotive tire volumes, in line with the markets; sustained growth in the 18-inch and larger segment
- A decline in Truck tire volumes in increasingly difficult markets
- A Growth in the mining tire business, in line with expectations
- A steeper than expected drop in the agricultural and construction tire markets

A 2.1% improvement in the price-mix effect (+2.9% in Q3), attributable to:

- Disciplined price management in every business and region, in particular with price increases in the third quarter
- A strong mix effect, shaped by a favorable business mix and a firm product mix in the Automotive segment

Contribution from acquisitions in line with expectations (+7.1%)

Sustained deployment of the competitiveness plan
Weaker demand in Truck and Off-the-road tires; Passenger car and Mining markets in line with expectations

OE: worldwide demand down 7% (-4% on Q3), especially in China, India and Europe
RT: demand well oriented in North America, still weak in Europe, penalized by slow start of winter
Chinese RT market still dynamic

OE: global demand contraction, driven by Europe and India; market downturn in North America in Q3
RT: steep drop in demand in the Americas, and to a lesser extent in China; growth in Europe, driven by imports

Mining tires: sustained 4% growth in demand, in line with actual tire consumption
Off-the-road: steeper downturn in the agricultural tire market and strong decline in OE Construction tire demand
Growth in the two-wheel commuting and aircraft segments

Source: Michelin estimates. Those estimates are regularly adjusted and may be updated following their initial publication.
9M 2019 sales: up 10.4%, lifted by acquisitions, disciplined price management and the sustained improvement in the mix

△ YoY change in sales
(in € millions and %)

<table>
<thead>
<tr>
<th>Consolidated growth</th>
<th>+6.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>+1,159</td>
</tr>
<tr>
<td>Volumes</td>
<td>-134</td>
</tr>
<tr>
<td>Price-mix</td>
<td>+340</td>
</tr>
<tr>
<td>o/w mix</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Currency effect</td>
<td>+315</td>
</tr>
<tr>
<td>External growth</td>
<td>16,217</td>
</tr>
<tr>
<td>Changes in scope</td>
<td></td>
</tr>
<tr>
<td>of consolidation*</td>
<td>(+7.1%)</td>
</tr>
<tr>
<td>9M 2018</td>
<td></td>
</tr>
<tr>
<td>9M 2019 at constant exchange rate</td>
<td>17,582</td>
</tr>
<tr>
<td>9M 2019</td>
<td>17,897</td>
</tr>
</tbody>
</table>

* Fenner, Camso, Multistrada, Masternaut, Tablet and deconsolidation of the TCi tire wholesaling chain
Q3 2019: as falling demand weighed on volumes, a priority focus on margin protection with a robust price-mix

**YoY change, by quarter (in %)**

<table>
<thead>
<tr>
<th>Volumes</th>
<th>Price-mix</th>
<th>Currency effect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1</strong></td>
<td><strong>Q1</strong></td>
<td><strong>Q1</strong></td>
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<tr>
<td><strong>Q2</strong></td>
<td><strong>Q2</strong></td>
<td><strong>Q2</strong></td>
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<tr>
<td><strong>Q3</strong></td>
<td><strong>Q3</strong></td>
<td><strong>Q3</strong></td>
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<tr>
<td><strong>Q4</strong></td>
<td><strong>Q4</strong></td>
<td><strong>Q4</strong></td>
</tr>
<tr>
<td>2018</td>
<td>2019</td>
<td>2018</td>
</tr>
</tbody>
</table>

- **Volumes**
  - Q1: -2.3
  - Q2: 2.6
  - Q3: 2.9
  - Q4: 0.5
- **Price-mix**
  - Q1: 3.4
  - Q2: 2.6
  - Q3: 0.5
  - Q4: 1.5
  - Q1: 2.0
  - Q2: 1.4
  - Q3: 2.9
- **Currency effect**
  - Q1: 2.0
  - Q2: 1.7
  - Q3: 2.1

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### 2019 Market Scenario: PC/LT Down for the Year, Hurt by OE; Steeper Decline in Truck Tire Demand; Mining Growth Offset by Fall in Ag and Construction

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
</table>
| **PC/LT:** ~ -1% | - OE: sustained decline in demand in every region (-6%)  
- RT: markets up slightly in every geography with a slight pick-up in Chinese demand  
- RT ≥18” demand up by around 10% |
| **TRUCK:** ~ -4% | - OE: slowdown in North America; contraction in Europe  
- RT: further decline in demand in North America; slight increase in the European market  
- Chinese market down |
| **SPECIALTIES:** ~ +0% | - Mining tires: sustained 4% growth in demand, in line with actual tire consumption  
- Off-the-road: steeper downturn in the agricultural tire market and strong decline in OE construction tire demand  
- Growth in the Two-Wheel commuting and Aircraft segments |
The close fit between the Group’s businesses helps to cushion it from the steep drop in auto markets

2018 sales by region

- Europe incl. Russia & CIS: 39%
- Asia and rest of the world: 35%
- North America incl. Mexico: 26%

2018 sales by growth driver

- Consumption: 43%
- Manufacturing: 25%
- Commodities: 19%

* PC/LT OE/RT: Passenger Car and Light Truck tires sold as original equipment (TC/LT OE) or in replacement markets (PC/LT RT)
2019 guidance confirmed

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volumes</strong></td>
<td>Growth in line with the markets</td>
</tr>
<tr>
<td><strong>Segment operating income at constant exchange rates</strong></td>
<td>&gt; 2018</td>
</tr>
<tr>
<td>before the estimated €150m additional contribution from Camso and Fenner</td>
<td></td>
</tr>
<tr>
<td><strong>Structural FCF</strong></td>
<td>&gt; €1,450m</td>
</tr>
<tr>
<td><em>including the positive €150m accounting impact from IFRS 16</em></td>
<td></td>
</tr>
</tbody>
</table>
## 2019 scenario*

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost impact of raw materials</td>
<td>~ - €100m</td>
</tr>
<tr>
<td>prices and customs duties</td>
<td></td>
</tr>
<tr>
<td>Currency effect</td>
<td>Slightly positive **</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>Standard ETR reduced to 26%***</td>
</tr>
<tr>
<td>Net price-mix/raw materials</td>
<td>&gt; €200m</td>
</tr>
<tr>
<td>effect</td>
<td></td>
</tr>
<tr>
<td>Competitiveness plan gains</td>
<td>Positive</td>
</tr>
<tr>
<td>vs. inflation</td>
<td></td>
</tr>
</tbody>
</table>

* Based on the following average prices and exchange rates for 2019: Natural rubber: $1.45/kg; butadiene (US, Europe and Asia): $0.969/t; Brent: $63/bbl; EUR/USD: 1.12

** Based on September 2019 rates. See slide 68

*** Based on currently available information
## 2020 market outlook

<table>
<thead>
<tr>
<th>(in units)</th>
<th>2019e</th>
<th>2020e</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR1</td>
<td>~ -1%</td>
<td>Flat to -1%</td>
<td>Replacement market slightly up. OE market down ~3%</td>
</tr>
<tr>
<td>SR2</td>
<td>~ -4%</td>
<td>From -1% to -2%</td>
<td>Steep market decline in Europe and North America. Stable demand in China and India.</td>
</tr>
<tr>
<td>SR3</td>
<td>~ +0%</td>
<td>Flat to -2%</td>
<td>Growth in Mining, Aircraft and 2W markets. Steeper drop in Off-the-road tire demand.</td>
</tr>
</tbody>
</table>
2018-2020: in adverse market environment, continuing SOI growth with strong price mix and competitiveness plan

2018-2020 SOI growth (in €millions)

- Strong Mix
- Price offsetting Raw Material costs: neutral
- Competitiveness plan beating inflation: +€50m per year
- D&A
- Other
- Acquisitions
- FX 2017-2018
- -366

In line with plans

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Levers of growth
## Tire market growth prospects

### (in units)

<table>
<thead>
<tr>
<th></th>
<th>Long term trend</th>
<th>Michelin growth ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR1</td>
<td>~ +2% CAGR</td>
<td>Growth in line with markets</td>
</tr>
<tr>
<td>SR2</td>
<td>0 to +1% CAGR</td>
<td>Value-creating growth</td>
</tr>
<tr>
<td>SR3</td>
<td>~ +3% CAGR</td>
<td>Growth above markets</td>
</tr>
</tbody>
</table>
Recognized brand and technical leadership supporting pricing power

- Recent Tirelines have already been acclaimed by some of the most demanding German car magazines
  
  **Manufacturer of the year 2019 with**

Since 1989, Michelin has won 91 of the 112 awards for OE tire satisfaction

**ALMOST 5X MORE THAN THE COMPETITION COMBINED!**

Source: 2018 J.D. Power U.S. OE Tire Customer Satisfaction Study
Michelin Total Performance: bringing a tire key performances to their best level at the same time

Performance of the MICHELIN Pilot Sport 4 SUV tire compared with competitors

Tier 1 market portfolio by range (in %)**

- Top 6 competitors
- 1st
- average
- 6th

Green RR and A-Wet portfolio*

*Range whose rolling resistance (RR) rating is A, B or C and wet grip (WG) rating is A

**Source: Lizéo, May 2019

Out there, you're always in control.
Michelin is meeting the EV challenge

Increasing range
the major challenge for EVs

Reducing cockpit noise

Coping with torque

Supporting heavy batteries

By reducing rolling resistance, with the right materials, and aerodynamic drag, with the right tire design (Slimline)

By using Michelin Acoustic Technology and adjusting tread design

By improving tread rigidity and contact patch friction

By designing tires capable of both carrying heavier loads and reducing rolling resistance

Consumer and commercial EVs
• Renault Zoé – MICHELIN Energy E-V
• Tesla, the world leader – MICHELIN Pilot Sport
• Renault Kangoo Z.E. and Z.E.H2 – MICHELIN Energy Saver
• GM Bolt/Volt...

Asia
• Certified by a large number of Chinese OEMs*
• Partnership with Hyundai for its EV line

Racing
• Formula E – MICHELIN Pilot Sport

* Xiaopeng, WM Motors, Human Horizons, Iconiq, SAIC, BAIC, Guangzhou Autos, FAW

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Michelin’s OE position is unique, ...

<table>
<thead>
<tr>
<th>OEM BRANDS (examples)</th>
<th>SPORT PASSION</th>
<th>LUXURY PREMIUM</th>
<th>GENERALISTS</th>
<th>NEW ENTRANTS (OEM &amp; Mobility)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are they</td>
<td>Extreme emotions &amp; passionate drivers</td>
<td>Premium brand focus on consumer experience</td>
<td>WW players mass-market oriented</td>
<td>New OEMs &amp; new offers of mobility</td>
</tr>
<tr>
<td>Market weight (Volumes of tires)</td>
<td>2% &gt; in € and image</td>
<td>13% &gt; in € and image</td>
<td>65% =</td>
<td>20% &lt; in € but &gt; in speed</td>
</tr>
<tr>
<td>Main competitors</td>
<td>Pirelli</td>
<td>Continental Pirelli</td>
<td>Bridgestone, Goodyear, Continental, Dunlop, Hankook</td>
<td>All</td>
</tr>
<tr>
<td>Michelin position</td>
<td>Leader</td>
<td>Amongst the Top 3</td>
<td>Amongst the Top 3 Overall &amp; WW presence</td>
<td>Leadership Position amongst non Chinese</td>
</tr>
</tbody>
</table>

... with the overall objectives to achieve
- a reference position in each segment & each geography
- a sales growth at a minimum in line with the market evolution
- a profitability at the level of the best auto suppliers
A strong OE/RT loyalty rate, a guarantee for future replacement growth

- A strong loyalty rate

40% < LOYALTY OE/RT ≥18” WORLDWIDE < 90%

Tire selling phase in Europe

<table>
<thead>
<tr>
<th>Year</th>
<th>OE Volumes Michelin</th>
<th>RT Volumes 19”+ Michelin</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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<td>21</td>
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</table>

65% loyalty rate over the first 4 years, 38% over 20 years

Tire selling phase in US

<table>
<thead>
<tr>
<th>Year</th>
<th>OE Volumes Michelin</th>
<th>RT Volumes 19”+ Michelin</th>
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<td>21</td>
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44% loyalty rate over the first 4 years, 30% over 20 years
Multistrada: a key asset to capture the worldwide rising demand in Tier 2 tires

Rapidly convert PC Tier 3 capacity into PC Tier 2 capacity with very limited investment

- Global Tier 2 market growth: ~+3%
  - in line with projected global growth over 2017-2023: ~+3%
  - Tier 1 market: ~+3% driven by emerging economies
- Capex required for the conversion: USD 13 million in 2019
Mining: a successful product offering for a demanding industry focused on productivity

- The most efficient tire offer in the marketplace
- Digital services improving efficiency
- Comprehensive offer with Conveyor belts

XDR250 - 57”
25% More productive with no trade-off on tire life

XDR3 - 63”
12.6% More load on the KOMATSU 930-E4

(1) Compared to BRIDGESTONE 46/90 R 57 VRDP and VRPS. Data gathered from 2012 BS databook. And compared to MICHELIN 40.00 R 57 XDR2
(2) Based on comparisons of maximum load capacity of the MICHELIN® XDR® 3 Extra Load to the MICHELIN® XDR® 3, size 53 80 R 63, as set forth in the 2018 Michelin Data Book, taking as a reference the technical data of the Komatsu 930-E4 truck. Actual results may vary, and may be impacted by many factors, to include road conditions, weather, environment, driving habits, tire size, equipment and maintenance.
Michelin Off-Highway Transportation: to sustainably contribute to build, and feed & protect people

- **OHT customers** operate in
  - Agriculture
  - Construction
  - On-site Logistics
  - Defense

- They face challenges to operate sustainably
  - Lack of productive land
  - Material scarcity, pollution, safety risks

- In demanding, unpredictable conditions and constrained timing

- Benefitting from long term fundamental growth

- **Tires, tracks & related services**: a key asset to improve profitability and sustainability
  - Increasing yields
  - More load
  - Lasting longer
  - Going faster
  - Optimizing uptime
Recent acquisitions delivering on synergies

- Scrap and raw materials
- Financial and insurance costs
- Development of ECS businesses in South America
- On going R&D cross fertilization in technological materials

- Commercial synergies: SwissPort contract gain
- SG&A optimization

- First BFGoodrich tires produced in Q3: transformation of the plant in line with 2021 expected synergies
Services & Solutions

EXPERIENCES

B2C

TIRES

B2B

KNOW HOW

HIGH-TECH MATERIALS

CUSTOMERS

Services & Solutions
Services & Solutions: a diverse range of offers adapted to the needs of customer, growing rapidly

- Worldwide Presence
- Pay-per-use models*
- TIRE AS A SERVICE
- * including tire maintenance for Trucks and Mining

- MORE THAN 1 MILLION vehicles under contract
- FLEET SOLUTIONS
- Connected services

- DATA-DRIVEN BUSINESS MODELS
- Monetize data analytics

- Predictive maintenance
- For transportation industry and beyond
Our aim: deeply understand our customers to provide solutions that create greater value for all

- Data collection: a pre-requisite to build **predictive** capabilities
- We launch on this journey with a data lake that merges **unique historical data sets**
- We will go much further, ultimately **connecting every single asset**

**100% tires with RFID**
*by end of 2019 for MICHELIN branded Trucks tires

**PRESSENSE PROJECT**
with Safran

**SASCAR**
[JF] with Sigfox & Argon Consulting

**11th Annual Global auto conference – London - December 5, 2019**
Consumer Experiences

EXPERIENCES
B2C

SERVICES & SOLUTIONS
B2B

TIRES
KNOW HOW
HIGH-TECH MATERIALS
Maintain our brand leadership and strengthen our B2C consumers link

Nurturing our brand premiumness

Developing selection activities that enable our customer to enjoy unique mobility and becoming a trusted partner

8th most reputable company worldwide
1st in automotive sector
“BY 2019 GLOBAL REPTRACK®100 **”

*Reputation Institute
High-Technology Materials
Leverage our expertise in high performance materials

Enriching our portfolio offers in reinforced polymers

- Seals
- Flexible hoses
- Belts and elastomeric solutions
- Medical

Developing our tire recycling business

- Micronized Rubber Powder

*This price is awarded by « The Circulars», an initiative of the World Economic Forum and the Forum of Young Global Leaders, run in collaboration with Accenture Strategy.*
Biosourced materials: with its unique expertise in materials and its culture of innovation, Michelin is breaking new ground with BioButterfly and BioImpulse

Construction of France’s first demonstrator unit capable of producing butadiene using biosourced ethanol

Creation of a new adhesive resin without any Substances of Very High Concern (SVHC)

Collaborative project coordinated by Michelin through ResiCare, that brings together France’s FCBA**, INRA**, INSA** and Leaf, a business unit of Lesaffre.

* ADEME: French Environment & Energy Management Agency
** FCBA: France’s Institute of Technology for Forest-based and Furniture Sectors; INRA: National Institute for Agricultural Research
INSA: National Institute of Applied Sciences
The BioImpulse project is giving new impetus to the use of biotechnology in materials

- Coordinated by Michelin through its ResiCare entity, the project aims to replace Substances of Very High Concern (SVHCs) in resins

- The high-potential worldwide market targeted by the substance replacement project is concentrated in the automotive and construction industries

- Development and scale-up to mass production of a biosourced molecule
- Incremental investments through modularization and ramp-up of processes
- Design and development of a range of non-toxic glues and resins

Materials: Wood, Insulation, Tires, Molding compounds, Laminates
Michelin, IFP Energies nouvelles, and Axens give a new dimension to the BioButterfly project

- The construction of France’s first industrial demonstrator capable of producing butadiene from ethanol, aims to replace the oil-based raw materials used in the company’s tires with bio-sourced molecules.

* 2nd generation, non-competing with food: made from forest or agricultural residues (straw, woodchips, etc.)
Michelin, a committed and leading player in the Hydrogen sector

- With its expertise in the hydrogen fuel cell, notably with Symbio, Michelin is accelerating the deployment of zero-emission mobility:
  - by partnering with Faurecia to create a leading hydrogen fuel cell system
  - by participating in the Zero Emission Valley project (Hympulsion), in Auvergne Rhône Alpes

<table>
<thead>
<tr>
<th>Symbio</th>
<th>Renault completes its offer (end 2019/2020) with Renault KANGOO Z.E.Hydorgen and MASTER Z.E.Hydrogen, Symbio equipped</th>
<th>Hympulsion</th>
</tr>
</thead>
<tbody>
<tr>
<td>A supplier who designs and industrialises, based on Michelin’s production strength, hydrogen fuel cell kits</td>
<td>A Joint venture created as part of the Zero Emission Valley project in Auvergne Rhône Alpes, involving public-private partners and including Michelin (22.8%). The objective of first phase is to deploy:</td>
<td></td>
</tr>
<tr>
<td>+300</td>
<td>Renault Kangoo Z.E. H2, Symbio equipped, circulate in Europe</td>
<td><strong>20</strong> H2 stations</td>
</tr>
<tr>
<td></td>
<td>H2 fuel cell for trucks, light trucks, buses...</td>
<td><strong>15</strong> electrolysers</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1000</strong> vehicles</td>
</tr>
</tbody>
</table>
Levers of competitiveness
Improve our competitiveness

- Deploy « Simplicity » program
- Improve our manufacturing efficiency and pursue industrial footprint optimization
- Reduce our SG&A
- Optimize capital employed
Competitiveness plan vs inflation 2019-2020 ambitions: €40m net savings in H1 2019

€137m cumulated savings in H1 2019*

- SG&A
- Raw materials
- Manufacturing - Logistics

Net gain, 2019-2020 ambitions
~€100m

*Before inflation and including avoided costs.
Beyond 2020: reinforce our manufacturing efficiency with competitiveness gains boosted

**INDUSTRIAL FOOTPRINT**
- Produce locally and increase flexibility to constantly adapt to local demand
- Optimise low cost plants loading and ramp-up
- Increase the number of large plants and their loading (>100ktons)

**PRODUCTIVITY GAINS**
- Process standardization
- Digital Manufacturing
- Empowerment and Michelin Manufacturing Way deployment
- Simplexity
Footprint evolution to answer tire market geo-mix

Production by region in 2018 *(in KT)*

- Asia: 35%
- South & Central America: 14%
- Eastern Europe: 6%
- North America: 13%
- Western Europe: 32%

Production by region in 2023 *(in KT)*

- Asia: 26%
- South & Central America: 27%
- Eastern Europe: 6%
- North America: 12%
- Western Europe: 29%

including Camso and Multistrada

2018

2023
Digital manufacturing: 50 demonstrators launched

**Assets**
- **PREDICTIVE MAINTENANCE**
  - ANALYSIS AND ANTICIPATION
    - Assisted root cause quality control
- **CONDITIONAL MAINTENANCE**
  - STANDARD ANALYSIS
    - Quality data collection (SPC, Vision)

**Quality**
- **INDUSTRIALIZATION**
  - PLANT DIGITAL TWIN
- **STANDARD ANALYSIS**
  - On time inventory / intelligent lots

**Supply**
- **PLANNING / SCHEDULING**
  - End to End integration
- **INVENTORY**
  - ASSISTED ACCESS TO KNOWLEDGE

**People**
- **REMOTE MONITORING AND CONTROL**

**Automation**
- **HUMAN/ROBOT COLLABORATION**
  - AGV, ROBOTS, VISION
  - 1. AUTOMATISATION FACTORY FLOW
  - 2. WORKSTATION AUTOMATISATION
  - 3. AUTOMATISATION CONTROL – VISION

**DIGITAL PERFORMANCE MANAGEMENT**
Beyond 2020: keep on targeting SG&A benchmark levels

2018 SG&A split (in €millions)

- M&S: 14%
- R&D: 31%
- G&A: 39%
- Distribution: 16%

Zoom SG&A excluding distribution (in % of sales)

- Best Tier1 competitor: 14% in 2018, 17% in 2023
- Michelin: 17% in 2018

CLOSING THE GAP VS TIER 1 BEST COMPETITOR
Levers to improve our SG&A structure

- Corporate Business Service in Bucarest (Europe), Queretaro (Americas) and in Asia (Shenyang, Bangkok)
- Cultural Transformation: Simplification and Frugality
- Complete the deployment of our Business Management Program (OPE)
- Creation of Michelin Technology and Innovation Center in Pune (India)
- Strengthening of our Purchasing Organization and Processes
- Value Stream Mapping on Large Transversal Processes
- Digitization of HR and CRM Processes
Financial profile
High free cash flow and a robust financial position

- The net debt/EBITDA ratio increased in 2018 due to cash out for acquisitions during the year, and is expected to remain stable until 2020 mainly due to IFRS 16 implementation and to a lesser extent 2019 acquisitions.
- Moody’s, Standard & Poor’s and Fitch all confirmed Michelin’s A-/A3 credit rating
- Two successful bond issues in 2018 totaling €2.9bn (of which a 20-year tranche for €750m)

*See the 2018 Registration Document, notes 3.7.2 and 26 to the consolidated financial statements
Investing to create value

- Reducing Capex on historical core-business towards depreciation level
- Reinforcing Michelin footprint where the growth is
- Capex in Specialties businesses (SR3)
- Developing new territories: fleet management solutions & High Tech Materials excluding JVs
- Speeding up a comprehensive digitization plan

Capital expenditure and depreciation
(in € billions, at current exchange rates)

- 2012: Capex = 1.0, Depreciation = 1.8
- 2017: Capex = 1.35, Depreciation = 1.7
- 2018: Capex = 1.35, Depreciation = 1.7
- 2019e: Capex = ~1.8, Depreciation = ~1.6
- 2020e: Capex = ~1.9, Depreciation = ~1.7

(including Camso and Fenner and IFRS16 impact)
A robust balance sheet after recent acquisitions, confirmed by the rating agencies

Gearing
Net debt/equity, in %

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>22</td>
<td>12</td>
<td>2</td>
<td>7</td>
<td>11</td>
<td>9</td>
<td>6</td>
<td>31</td>
</tr>
</tbody>
</table>

Long-term ratings confirmed following the Multistrada acquisition

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fitch</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A-2</td>
<td>P-2</td>
<td>F-2</td>
<td></td>
</tr>
<tr>
<td>Long term</td>
<td>S&amp;P</td>
<td>Moody’s</td>
<td>Fitch</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A-</td>
<td>A3</td>
<td>A-</td>
<td></td>
</tr>
<tr>
<td>Outlook</td>
<td>S&amp;P</td>
<td>Moody’s</td>
<td>Fitch</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
<td></td>
</tr>
</tbody>
</table>
Michelin Net Financial Debt bridge

Net Financial Debt - December 31, 2018 – June 30, 2019 (in € millions)

2018 closing NFD: 3,719
Camso PPA: 337
2019 opening NFD: 4,056
IFRS 16: 815
Scope: 265
Dividends & other distribution*: 676
H1 2019 FCF: 592
Other**: 260
Operating items impacted by WCR seasonality and acquisitions: + €2,945m
June 19 closing NFD: 6,664

* Including share buy back commitment for 2019
** Including financial leases and translation adjustments
A confortable cash position

Debt maturities at Dec. 31, 2018 (carrying amount, in € millions)

- Loans from financial institutions
- Securitization
- Bond
- CP
- Derivatives and leases
- Cash and cash equivalents
- Cash management Financial Assets
- Confirmed Back-up Facilities

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury</td>
<td>2</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>Lines</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11th Annual Global auto conference – London - December 5, 2019
# Outstanding bond issues (as of June 30, 2019)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Compagnie Générale des Etablissements MICHELIN</th>
<th>Compagnie Générale des Etablissements MICHELIN</th>
<th>Compagnie Générale des Etablissements MICHELIN</th>
<th>Compagnie Générale des Etablissements MICHELIN</th>
<th>MICHELIN Luxembourg</th>
<th>MICHELIN Luxembourg</th>
<th>MICHELIN Luxembourg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue</td>
<td>Senior Note</td>
<td>Senior Note</td>
<td>Senior Note</td>
<td>Senior Note</td>
<td>Senior Note</td>
<td>Senior Note</td>
<td>Senior Note</td>
</tr>
<tr>
<td>Type</td>
<td>Bond</td>
<td>Bond</td>
<td>Bond</td>
<td>Convertible</td>
<td>Convertible</td>
<td>Bond</td>
<td>Bond</td>
</tr>
<tr>
<td>Principal Amount</td>
<td>€ 750 mn</td>
<td>€ 1'000 mn</td>
<td>€ 750 mn</td>
<td>$ 600 mn</td>
<td>$ 500 mn + TAP $100 mn</td>
<td>€ 302 mn</td>
<td>€ 300 mn</td>
</tr>
<tr>
<td>Offering price</td>
<td>99.099%</td>
<td>99.262%</td>
<td>99.363%</td>
<td>95.50%</td>
<td>100% &amp; 103.85%</td>
<td>98.926%</td>
<td>99.967%</td>
</tr>
<tr>
<td>Rating corporation at Issuance date</td>
<td>A- (S&amp;P) ; A3 (Moody’s)</td>
<td>A- (S&amp;P) ; A3 (Moody’s)</td>
<td>A- (S&amp;P) ; A3 (Moody’s)</td>
<td>A- (S&amp;P) ; A3 (Moody’s)</td>
<td>A- (S&amp;P) ; A3 (Moody’s)</td>
<td>BBB+ (S&amp;P) ; A3 (Moody’s)</td>
<td>BBB+ (S&amp;P) ; A3 (Moody’s)</td>
</tr>
</tbody>
</table>

| Current corporation rating | A- (S&P) ; A3 (Moody’s) ; A- (Fitch) |

| Coupon        | 0,875% p.a                                      | 1,75% p.a                                      | 2,50% p.a                                      | ZERO Conv premium 130%          | ZERO Conv premium 128%          | 3,25% p.a                                      | 1,125% p.a                                      | 1,75% p.a                                      |
| Interest payment | Annual                                           | Annual                                           | Annual                                          | N/A                              | N/A                             | Annual                           | Annual                                           | Annual                                           |
| ISIN          | FR0013357845                                     | FR0013357852                                     | FR0013357860                                   | FR0013309184                      | FR0013230745                   | XS1298728707                      | XS1233732194                                     | XS1233734562                                     |
| Denomination | € 100’000 with min. tradable amount € 100’000 | € 100’000 with min. tradable amount € 100’000 | € 100’000 with min. tradable amount € 100’000 | $ 200’000 with min. tradable amount $ 200’000 | $ 200’000 with min. tradable amount $ 200’000 | $ 1’000 with min. tradable amount $ 1’000 | $ 1’000 with min. tradable amount $ 1’000 | $ 1’000 with min. tradable amount $ 1’000 |
Sustained shareholder return policy

- 2018 dividend of €3.70 per share, for a payout ratio of 36.4%*

* Of consolidated net income before non-recurring items

Share buyback programs
- 2015-2016: €750m in buybacks and 4.5% of outstanding shares canceled
- 2017: €101m in buybacks and 0.5% of outstanding shares canceled
- 2018: €75m in buybacks and 0.4% of outstanding shares canceled to offset the dilutive impact of share-based compensation
- 2019-2023: €500m share buyback program over the next five years

* Group commitment ≥ 35%*
**PC Tire Market:** In October 2019, continuing decline in OE demand in every region, with North America being particularly impacted by the General Motor strike and high basis of comparison. Replacement demand slightly up in Europe, despite a weak Winter season start, and strong in China. In North America, the replacement market is penalized by high basis of comparison.

### October 2019 / 2018

<table>
<thead>
<tr>
<th>Market</th>
<th>Europe including Russia &amp; CIS *</th>
<th>Europe excluding Russia &amp; CIS *</th>
<th>North America</th>
<th>South America</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment tires</td>
<td>▼ -5%</td>
<td>▼ -6%</td>
<td>▼ -22%</td>
<td>▼ -8%</td>
<td>▼ -5%</td>
</tr>
<tr>
<td>Replacement tires</td>
<td>▲ +1%</td>
<td>▲ +1%</td>
<td>▼ -6%</td>
<td>▲ +3%</td>
<td>▲ +10%</td>
</tr>
</tbody>
</table>

### YTD (October 2019)

<table>
<thead>
<tr>
<th>Market</th>
<th>Europe including Russia &amp; CIS *</th>
<th>Europe excluding Russia &amp; CIS *</th>
<th>North America</th>
<th>South America</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment tires</td>
<td>▼ -5%</td>
<td>▼ -6%</td>
<td>▼ -5%</td>
<td>▼ -0%</td>
<td>▼ -12%</td>
</tr>
<tr>
<td>Replacement tires</td>
<td>▼ -1%</td>
<td>▼ -1%</td>
<td>▲ +2%</td>
<td>▲ +0%</td>
<td>▲ +4%</td>
</tr>
</tbody>
</table>

* Turkey included
**TB Tire Market:** In October 2019, acceleration of OE market decline in Europe and North America, as expected. Replacement demand increases in Europe, lifted by the comeback of Asian imports on favorable basis of comparison. In North America, the Replacement market is still penalized by the impact of significant basis of comparison due to Asian tires pre-buy ahead of tariffs implementation in early 2019.

<table>
<thead>
<tr>
<th>October 2019 / 2018</th>
<th>Europe including Russia&amp;CIS *</th>
<th>Europe excluding Russia&amp;CIS *</th>
<th>North America</th>
<th>South America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment tires</td>
<td>▼ -14%</td>
<td>▼ -14%</td>
<td>▼ -13%</td>
<td>▲ +9%</td>
</tr>
<tr>
<td>Replacement tires</td>
<td>▲ +2%</td>
<td>▲ +2%</td>
<td>▼ -9%</td>
<td>▼ -3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YTD (October 2019)</th>
<th>Europe including Russia&amp;CIS *</th>
<th>Europe excluding Russia&amp;CIS *</th>
<th>North America</th>
<th>South America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment tires</td>
<td>▼ -7%</td>
<td>▼ -8%</td>
<td>▲ +3%</td>
<td>▲ +27%</td>
</tr>
<tr>
<td>Replacement tires</td>
<td>▲ +2%</td>
<td>▲ +3%</td>
<td>▼ -11%</td>
<td>▼ -2%</td>
</tr>
</tbody>
</table>

* Turkey included
H1 2019: Segment operating income up €78m, on the combined impact of acquisitions, a robust price mix and the competitiveness plan

YoY change in SOI (in € millions)

- Scope of consolidation: +1,327
  - Volumes: +101
  - Raw materials: -49
  - Price-mix: +176
  - Competitiveness: +137

- Other: -97
  - Inflation: -97
  - Start-up costs: -74
  - Depreciation and amortization*: -20

- Other: +52
  - +79 of which indexed businesses: -4

- Other: +78
  - Currency effect: +1405

H1 2019 at constant exchange rates: 1,438

* Excluding IFRS 16

11th Annual Global Auto Conference – London – December 5, 2019
Michelin demonstrates a capacity to protect its margin in a highly competitive market environment

▲ Net price-mix/raw materials effect
(in € millions)


+264  +1,133  +103  +118  +159  +286  +79  > €200m

> H1
### Sales and SOI by SR: 2018 reported and restated

<table>
<thead>
<tr>
<th>(In € millions)</th>
<th>2018 restated</th>
<th>2018 reported</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SR1 Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income*</td>
<td>11,332</td>
<td>11,340</td>
<td>- 0 %</td>
</tr>
<tr>
<td>Operating margin*</td>
<td>1,295</td>
<td>1,314</td>
<td>- 1 %</td>
</tr>
<tr>
<td></td>
<td>11.4 %</td>
<td>11.6 %</td>
<td>- 0.2 pt</td>
</tr>
<tr>
<td><strong>SR2 Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income*</td>
<td>6,378</td>
<td>5,852</td>
<td>+ 9 %</td>
</tr>
<tr>
<td>Operating margin*</td>
<td>612</td>
<td>513</td>
<td>+ 19 %</td>
</tr>
<tr>
<td></td>
<td>9.6 %</td>
<td>8.8 %</td>
<td>+ 0.8 pt</td>
</tr>
<tr>
<td><strong>SR3 Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income*</td>
<td>4,318</td>
<td>4,836</td>
<td>- 11 %</td>
</tr>
<tr>
<td>Operating margin*</td>
<td>868</td>
<td>948</td>
<td>- 8 %</td>
</tr>
<tr>
<td></td>
<td>20.1 %</td>
<td>19.6 %</td>
<td>+ 0.5 pt</td>
</tr>
</tbody>
</table>

* For the segment
### Estimated impact of applying IFRS 16 on the 2019 balance sheet, income statement and statement of cash flows

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>Income statement</th>
<th>(in € millions)</th>
<th>Balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>~ +170</td>
<td><strong>Net assets</strong></td>
<td>~ +800</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>~ -160</td>
<td><strong>Net debt</strong></td>
<td>~ +800</td>
</tr>
<tr>
<td><strong>SOI</strong></td>
<td>~ +10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net financial income</strong></td>
<td>~ -20</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>~ -10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Cash flows

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>Cash flows</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>~ +170</td>
</tr>
<tr>
<td><strong>Net financial income</strong></td>
<td>~ -20</td>
</tr>
<tr>
<td><strong>Impact on structural cash flow</strong></td>
<td>~ +150</td>
</tr>
<tr>
<td>Cash flows used in financing activities (debt repayment)</td>
<td>-150</td>
</tr>
<tr>
<td><strong>Net cash impact</strong></td>
<td>0</td>
</tr>
</tbody>
</table>
Restatement of the cost of sales of services in the dealership networks from SG&A expense to gross income

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>2018 reported</th>
<th>Restatement</th>
<th>2018 restated</th>
<th>As a % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>22,028</td>
<td>-</td>
<td>22,028</td>
<td>67.7% 70.4%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(14,912)</td>
<td>(605)</td>
<td>(15,517)</td>
<td></td>
</tr>
<tr>
<td>Gross income</td>
<td>7,116</td>
<td>(605)</td>
<td>6,511</td>
<td>32.3% 29.6%</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(1,862)</td>
<td>595</td>
<td>(1,267)</td>
<td>8.5% 5.8%</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(648)</td>
<td>10</td>
<td>(638)</td>
<td>2.9% 2.9%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(1,826)</td>
<td>-</td>
<td>(1,826)</td>
<td>8.3% 8.3%</td>
</tr>
<tr>
<td>Other segment income and expenses</td>
<td>(5)</td>
<td>-</td>
<td>(5)</td>
<td>0.0% 0.0%</td>
</tr>
<tr>
<td>Segment operating income</td>
<td>2,775</td>
<td>-</td>
<td>2,775</td>
<td>12.6% 12.6%</td>
</tr>
</tbody>
</table>

- The restatements had no impact on the competitiveness plan
China: MICHELIN brand leadership on a structurally growing market driven by ≥ 18” demand

**Brand Power Score in China**

<table>
<thead>
<tr>
<th>Brand</th>
<th>2018</th>
<th>2019e</th>
<th>2020e</th>
<th>2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgestone</td>
<td>11.8%</td>
<td>11.7%</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>Goodyear</td>
<td>9.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dunlop</td>
<td>7.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pirelli</td>
<td>4.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continental</td>
<td>3.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Loyalty OE RT**: ~70%

**CAGR 18-21**: 3%

---

**OE RT**: ~85%

**CAGR 18-21**: 12%

---

OE **base 100 in 2017, in units**

RT **base 100 in 2017, in units**

**BCM study conducted by market research institute Millward Brown, based on the reduced brand list of 8 brands**
Michelin, a trusted partner in mobility, is accelerating its expansion in Services & Solutions

**Purpose**

Support customers’ sustainable mobility by facilitating efficiency, productivity, security and safety

**What to do?**

Understand tire and asset usage in real-time to rapidly develop high-value solutions

**How to win?**

Maximize data collection from all types of vehicles and assets to build more insightful offers, leveraging our analytics and ecosystem know-how

**Where to play?**

Worldwide // all vehicles // all businesses focusing on three key pillars…
Renewable natural rubber’s essential role in our sustainable mobility

- Reforestation of 88,000 hectares (o/w ~ 45,000 with hevea’s tree) in Indonesia through a joint venture with Barito Pacific Group

- GPSNR: A Global Platform for Sustainable Natural Rubber, launched in Singapore in October 2018
  - Project initiated by the Tire Industry Project of which Michelin is one of the founding members
  - All the stakeholders in the natural rubber value chain were gathered for the occasion:
  - The ambition is to improve the environmental and socio-economic performance of the natural rubber industry

- Rubberway: an innovative application
  - Designed to map supply chain risks
  - Identify best practices in various regions concerned (Thailand, Indonesia...)

67 11th Annual Global auto conference – London - December 5, 2019
## 2019: Sales by currency and SOI impact

<table>
<thead>
<tr>
<th>% of sales</th>
<th>9M 2019 change in € vs. currency</th>
<th>Dropthrough sales/SOI*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARS</td>
<td>0.4%</td>
<td>74%</td>
</tr>
<tr>
<td>AUD</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>BRL</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>CAD</td>
<td>3%</td>
<td>-3%</td>
</tr>
<tr>
<td>CHF</td>
<td>1%</td>
<td>-4%</td>
</tr>
<tr>
<td>CNY</td>
<td>5%</td>
<td>-1%</td>
</tr>
<tr>
<td>EUR</td>
<td>32%</td>
<td>-</td>
</tr>
<tr>
<td>GBP</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>INR</td>
<td>1%</td>
<td>-2%</td>
</tr>
<tr>
<td>JPY</td>
<td>1%</td>
<td>-6%</td>
</tr>
<tr>
<td>Other</td>
<td>4.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of sales</th>
<th>9M 2019 change in € vs. currency</th>
<th>Dropthrough sales/SOI*</th>
</tr>
</thead>
<tbody>
<tr>
<td>MXN</td>
<td>1%</td>
<td>-5%</td>
</tr>
<tr>
<td>PLN</td>
<td>1%</td>
<td>+1%</td>
</tr>
<tr>
<td>RUB</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>SEK</td>
<td>1%</td>
<td>+3%</td>
</tr>
<tr>
<td>THB</td>
<td>1%</td>
<td>-8%</td>
</tr>
<tr>
<td>TRY</td>
<td>1%</td>
<td>+19%</td>
</tr>
<tr>
<td>USD</td>
<td>36%</td>
<td>-6%</td>
</tr>
<tr>
<td>ZAR</td>
<td>1%</td>
<td>+5%</td>
</tr>
<tr>
<td>Other</td>
<td>4.6%</td>
<td></td>
</tr>
</tbody>
</table>

*Dropthrough depending on the export/manufacturing/sale base
**Raw materials**

- **Raw material purchases in H1 2019 (€2.5bn)**

  - 7% Steel cord
  - 22% Natural rubber
  - 26% Synthetic rubber
  - 20% Filler
  - 15% Chemicals
  - 10% Textiles
  - 7% Steel cord

- **€/$ exchange rate:**
  - Average 9M 2018: 1.21
  - Average 9M 2019: 1.12 (-7%)

- **Brent, in USD**:

- **In USD/kg**
  - RSS3
  - TSR20

- **Indexed**
  - Synthetic rubber
  - Manufacturing BLS

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Natural rubber price trend

At September 30, 2019 (per kg, base 100 in Q4'16)

Source: SICOM

Quarterly average TSR20 in $ & quarterly change in %

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At September 30, 2019 (per barrel, base 100 in Q4’16)

Brent in $

Brent price trend

Quarterly average Brent in $ & quarterly change in %

- Brent in $:
- Quarterly average Brent in $ & quarterly change in %:

Q4’16 | Q1’17 | Q2’17 | Q3’17 | Q4’17 | Q1’18 | Q2’18 | Q3’18 | Q4’18 | Q1’19 | Q2’19 | Q3’19
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
51 | 55 | 51 | 52 | 61 | 67 | 75 | 76 | 68 | 64 | 68 | 64
- | +7% | -7% | +2% | +18% | +9% | +11% | +1% | -10% | -6% | +7% | -9%
Butadiene price trend

At September 30, 2019 (per ton, base 100 au Q4’16)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Butadiene Europe</th>
<th>Quarterly average Butadiene in $ &amp; quarterly change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4’16</td>
<td>773</td>
<td>773 - 100</td>
</tr>
<tr>
<td>Q1’17</td>
<td>1,363</td>
<td>1,363 +76%</td>
</tr>
<tr>
<td>Q2’17</td>
<td>1,500</td>
<td>1,500 +10%</td>
</tr>
<tr>
<td>Q3’17</td>
<td>783</td>
<td>783 -48%</td>
</tr>
<tr>
<td>Q4’17</td>
<td>800</td>
<td>800 +2%</td>
</tr>
<tr>
<td>Q1’18</td>
<td>808</td>
<td>808 +1%</td>
</tr>
<tr>
<td>Q2’18</td>
<td>1,037</td>
<td>1,037 +28%</td>
</tr>
<tr>
<td>Q3’18</td>
<td>1,142</td>
<td>1,142 +10%</td>
</tr>
<tr>
<td>Q4’18</td>
<td>1,058</td>
<td>1,058 -7%</td>
</tr>
<tr>
<td>Q1’19</td>
<td>865</td>
<td>865 -18%</td>
</tr>
<tr>
<td>Q2’19</td>
<td>900</td>
<td>900 +4%</td>
</tr>
<tr>
<td>Q3’19</td>
<td>790</td>
<td>790 -12%</td>
</tr>
</tbody>
</table>

At September 30, 2019 (per ton, base 100 au Q4’16)

Quarterly average Butadiene in $ & quarterly change in %
2008 – 2018: robust SOI improvement

Group segment operating income and margin & ROCE*

* With standard taxe rate at 28% for 2017 and 26% for 2018 and excluding goodwill, acquired intangibles, associates and joint ventures for 2017 and 2018
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