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MEDIA INFORMATION
Clermont-Ferrand, France – April 20, 2016

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN
Financial information for the three months ended March 31, 2016

**First-quarter 2016: Michelin announces €5.1 billion in net sales,
with growth in volumes outperforming the markets
2016 guidance confirmed**

□ **Volumes up 3.7%, outpacing the market in all business segments, increasing 4% for Passenger Car and Light Truck tires, 3% for Truck tires and remaining stable (0%) for Specialty businesses. Growth was achieved in the following market conditions:**

- **Robust demand in the Passenger Car and Light Truck and Truck segments in mature markets,**
- **Mixed demand in the new markets, with strong Passenger Car and Light Truck tire demand in China, buoyant sales in India and a marked decline in South America,**
- **Specialty tire markets still affected by ending inventory drawdowns at mining companies.**

□ **Price effect negative at 0.8%, an improvement shaped by the Group's active management approach, and the success of its new product and service offerings for the Group's different brands.**

NET SALES (IN € MILLIONS)	First-quarter 2016	First-quarter 2015	% change
PASSENGER CAR/LIGHT TRUCK TIRES AND RELATED DISTRIBUTION	2,897	2,777	+4.3%
TRUCK TIRES & RELATED DISTRIBUTION	1,430	1,474	-3.0%
SPECIALTY BUSINESSES*	738	771	-4.2%
GROUP TOTAL	5,065	5,022	+0.9%

* Specialty businesses: Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle Ltd.

□ **2016 guidance confirmed**

Over the full year, tire markets are forecast to remain mixed, with demand for Passenger Car, Light Truck and Truck tires expected to continue rising in mature markets while staying in line with 2015 trends in new markets. These developments will remain favorable for Michelin. The Specialty tires market is expected to continue to be affected by mining company inventory drawdowns.

In this environment, for 2016, Michelin is targeting volume growth that outpaces global markets, and confirms its objectives to increase operating income before non-recurring items at constant exchange rates and generate structural free cash flow of more than €800 million.

Market Review

□ PASSENGER CAR AND LIGHT TRUCK TIRES

First-quarter 2016/2015 (in number of tires)	EUROPE INCLUDING RUSSIA & CIS*	EUROPE EXCLUDING RUSSIA & CIS*	NORTH AMERICA	ASIA (EXCLUDING INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment	+2%	+4%	+4%	-0%	-23%	+7%	+1%
Replacement	+3%	+3%	+6%	+5%	-2%	+4%	+4%

*Including Turkey

The worldwide Passenger Car and Light Truck tire Original Equipment and Replacement market grew by 3% in the first quarter of 2016.

▪ ORIGINAL EQUIPMENT

- First-quarter 2016 was in line with 2015 trends, with markets remaining buoyant in Western Europe, North America, China (up 4%), and Africa-India-Middle East.
- There were no signs of recovery in the new markets of South America (down 23% overall, with a 43% drop for Brazil), the ASEAN (down 7%) and Eastern Europe (down 29%).

▪ REPLACEMENT

- Markets grew across all regions, with the exception of South America and Brazil (down 6%), reflecting the lackluster economic environment in the region.
- Demand continued to trend upwards in China (up 9%) despite a slowdown in the economy.
- The pace of growth slowed slightly in March, compared to January and February, partly reflecting high prior-year comparatives.

□ TRUCK TIRES (RADIAL AND BIAS)

First-quarter 2016/2015 (in number of tires)	EUROPE INCLUDING RUSSIA & CIS*	EUROPE EXCLUDING RUSSIA & CIS*	NORTH AMERICA	ASIA (EXCLUDING INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment	+6%	+7%	-12%	-3%	-39%	+8%	-3%
Replacement	+2%	+3%	+4%	-5%	-4%	+0%	-2%

*Including Turkey

The global new Truck tire Original Equipment and Replacement market dipped 2% in unit sales in the first quarter of 2016. The retread market was also down, particularly in Europe.

▪ ORIGINAL EQUIPMENT

- Very mixed markets, with robust growth in Western Europe and a decline in emerging markets worldwide and in North America.
- Steep growth of 12% in India and stabilization of demand in China (up 1%).

▪ REPLACEMENT

- Robust first-quarter demand in mature markets, with a slowdown in March due to high prior-year comparatives.



- Contraction in emerging markets, particularly in China (down 8%), Brazil (down 6%) and Thailand (down 10%) and stability in India.

□ 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. Original equipment markets were down in mature regions, in line with trends seen in the fourth quarter of 2015. Demand in the Chinese market remained flat, at a very low level. The infrastructure and quarry tire segments were also stable this quarter in mature markets.
- **AGRICULTURAL TIRES:** demand in the original equipment market rose in mature regions, after a steep drop in 2015. However, the outlook for the coming months remains unfavorable. After retreating in 2015, Replacement markets began recovering in mature countries on the back of dealer purchasing. South American markets continued to be significantly challenged by the economic environment.
- **TWO-WHEEL TIRES:** Motorcycle and scooter tire markets improved in mature regions, lifted by the increase in dealer purchasing in Europe. The new markets continued to expand.
- **AIRCRAFT TIRES:** Demand in the commercial aircraft segment continued to grow, led by the rise in passenger traffic.

Michelin net sales

□ CONSOLIDATED NET SALES

(IN € MILLIONS)	First-quarter 2016	
NET SALES	5,065	
FIRST-QUARTER 2016 YOY CHANGE IN €M AND %		
TOTAL CHANGE	+43	+0.9%
OF WHICH VOLUMES*	+188	+3.7%
PRICE MIX	-68	-1.3%
CURRENCY EFFECT	-96	-1.9%
CHANGES IN SCOPE OF CONSOLIDATION	+19	+0.4%

*In tonnes

Net sales for the first quarter of 2016 totaled €5,065 million, a gain of 0.9% on the year-earlier period that was attributable to the following factors:

- **A 3.7% increase in volumes**, which outpaced the market and reflected the Group's stronger positions thanks to the performance of the MICHELIN brand and other brands, both in tires and services.
- **A 1.3% unfavorable price mix effect**, which, as expected, continued its quarter-on-quarter improvement. The €43 million negative price effect primarily reflected the application of raw-materials indexation clauses. The €25 million negative mix effect reflected the adverse impact of the larger contribution from other brands, the decrease

in Earthmover sales and relative growth in the OE and Replacement segments, which more than offset gains from the success of the MICHELIN brand's premium strategy.

- **The 1.9% unfavorable currency effect** stemmed from fluctuations in the euro against the Group's main operating currencies: the favorable effect linked to the US dollar only partially limited the unfavorable impacts of the Brazilian real, the Argentine peso and, to a lesser extent, the Mexican peso, the Russian ruble, the Turkish lira, the South African rand and the Chinese yuan.
- A 0.4% positive impact from changes in the scope of consolidation, primarily the addition of German tire wholesalers Ihle and Meyer Lissendorf, and Blackcircles, the leading online tire retailer in the United Kingdom.

□ NET SALES BY REPORTING SEGMENT

▪ PASSENGER CAR AND LIGHT TRUCK TIRES & RELATED DISTRIBUTION

Net sales stood at €2,897 million for the first quarter of 2016, including the unfavorable currency effect, and were up 4.3% from €2,777 million in the year-earlier period.

- Volumes rose by 4% in the first quarter of 2016 thanks to the 4% gain by the MICHELIN brand (including an 11% rise for 17" and larger tires in a segment up 10%), and a 6% improvement by the other brands. Overall, the Group strengthened its positions in Original Equipment markets, in the value line segments and, in a fiercely competitive environment, in all emerging regions.
- The price effect reflected the price strategy implemented in 2015 in the Replacement segment and the impact of indexation clauses on raw materials.
- The mix effect remained favorable, with the MICHELIN brand's 11% growth in the 17" and larger segment allowing it to offset the less favorable effects of higher volumes in value lines, OE and emerging markets.

▪ TRUCK TIRES & RELATED DISTRIBUTION

First-quarter net sales in the Truck tires & related distribution business, including the sharply negative currency effect, amounted to €1,430 million, down 3.0% from the €1,474 million reported in the year-earlier period.

- Truck tire volumes continued to rise, up 3% in sluggish global markets, thanks to OE sales, new Intermediate offers, the firm performance of the MICHELIN brand in the premium segment and a favorable geographic mix.
- Price adjustments mainly corresponded to the application of raw-materials indexation clauses, partially offset by tire price increases introduced to counter the drop in currencies in Brazil and Russia.

▪ SPECIALTY BUSINESSES

Net sales in the Specialty businesses, taking into account the negative currency effect, stood at €738 million for the first quarter of 2016, down 4.2% from €771 million for the year-earlier period.

- Earthmover tires: net sales declined, reflecting the unfavorable impact of raw-materials indexation clauses and the decrease in volumes sold.
- Agricultural tires: net sales were stable, with the rise in volumes offsetting the negative impact of lower prices, linked to raw-materials indexation clauses in particular and to exchange rates.
- Two-Wheel tires: net sales remained stable, with higher volumes offsetting the adverse impact of the geographic mix and exchange rates.
- Aircraft tires: net sales increased due to growth in volumes.



First-quarter 2016 highlights

- ❑ **COP 21 Michelin commits to protecting the future of our planet and confirms its commitment to reducing its tires' carbon footprint in use by 20% between 2010 and 2030 (January 4, 2016)**
- ❑ **Michelin launches a new €150 million tranche of its share buyback program (January 8, 2016)**
- ❑ **With the acquisition of BookaTable, Michelin becomes the European online restaurant reservation leader (January 11, 2016)**
- ❑ **MICHELIN Pilot Sport4, the new generation tire for premium and sports saloons (January 12, 2016)**
- ❑ **The MICHELIN® Pilot® Sport All-Season 3+™ is unveiled in Detroit (January 15, 2016)**
- ❑ **The new Ford Focus RS is equipped exclusively with Michelin tires: MICHELIN Pilot Sport Cup 2 and MICHELIN Pilot Super Sport (January 20, 2016)**
- ❑ **MICHELIN will equip the Boeing 777-300ER on the final assembly line with its NZG radial technology tires (February 11, 2016)**
- ❑ **Michelin is awarded the Gold Class Sustainability Award 2016, the highest distinction in the Dow Jones Sustainability World Index (DJSI) (February 15, 2016)**
- ❑ **Michelin launches the latest version of its MICHELIN X LINE ENERGY Z Truck tire range in North America (February 28, 2016)**
- ❑ **Michelin confirms the transparency of its tire testing policy (February 26, 2016)**
- ❑ **Michelin adapts the organization of its activities in Clermont-Ferrand (March 1, 2016)**
- ❑ **Michelin is selected as the exclusive supplier for all the teams entered in the 2016 MotoGP championship (March 8, 2016)**
- ❑ **The 2016 Reputation Institute corporate reputation worldwide ranking places Michelin 15th overall, No. 1 in France and No. 1 in the automotive equipment category (March 24, 2016)**

A full description of first-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 March 31, 2016 will be reviewed during a conference call in English later today (Wednesday, April 20, 2016) at 6:30 pm CEST (5:00 UT). Please refer to the website for practical information concerning the conference call <http://www.michelin.com/eng>.

You can follow this presentation, accompanied by the relevant presentation slides on the website <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 94539456 (English)
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INVESTOR CALENDAR

- **First-half 2016 net sales and results:**
Tuesday, July 26, 2016 before start of trading
- **Financial information for the nine months ended September 30, 2016:**
Wednesday, October 19, 2016 after close of trading

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This press release may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or inferred by these statements.