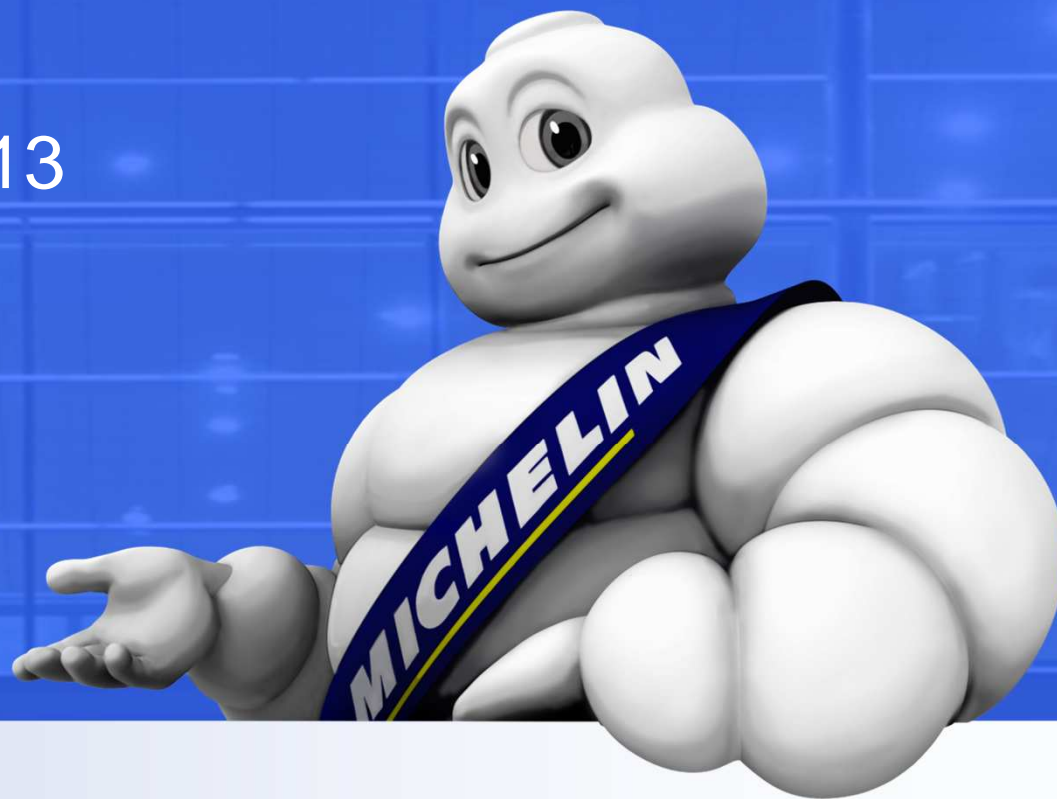


1st-HALF 2013 RESULTS

July 25, 2013



Business Performance in Line with 2013 Objectives

- ▶ €1,153m in **operating income** (down 12.7% YoY), reflecting as expected:
 - A 1.5% decline in **volumes** in markets that were weak in the first quarter and showing signs of improvement in the second
 - **Firm unit margins**
 - **Manufacturing performance** in line with objectives
- ▶ €507m in **net income**, after a €250m provision on projects to improve competitiveness
- ▶ **Robust financial structure** maintained
 - €147m in **free cash flow** at a time of ambitious capital expenditure

2013 guidance confirmed



Financial Highlights

H1 2013 & H1 2012 figures as reported

<i>In € millions</i>	H1 2013	H1 2012
Net Sales	10,159	10,706
Operating Income <i>before non-recurring items</i>	1,153	1,320
Operating Margin <i>before non-recurring items</i>	11.3%	12.3%
Non-recurring Items	(250)	+97
Operating Income after NR	903	1,417
Net Income	507	915
Investment	762	660
Net Debt-to-Equity Ratio	12%	26%
Free Cash Flow*	147	7

*Free Cash flow: Cash flows from operating activities less cash flows used in investing activities



July 25, 2013

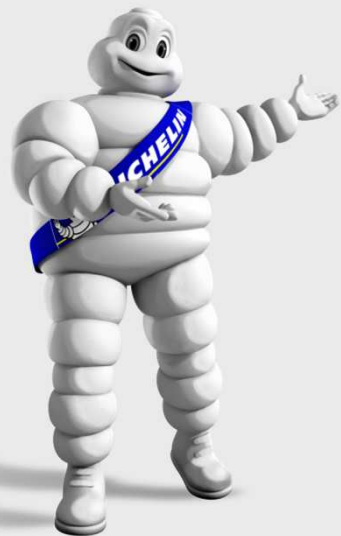
1st-HALF 2013 **RESULTS**



- 1 DEMAND RECOVERING BUT STILL WEAK IN MATURE MARKETS
- 2 BUSINESS PERFORMANCE IN LINE WITH 2013 OBJECTIVES
- 3 ROBUST FINANCIAL STRUCTURE
- 4 STRATEGIC PILLARS
- 5 OUTLOOK

July 25, 2013

1st-HALF 2013 **RESULTS**

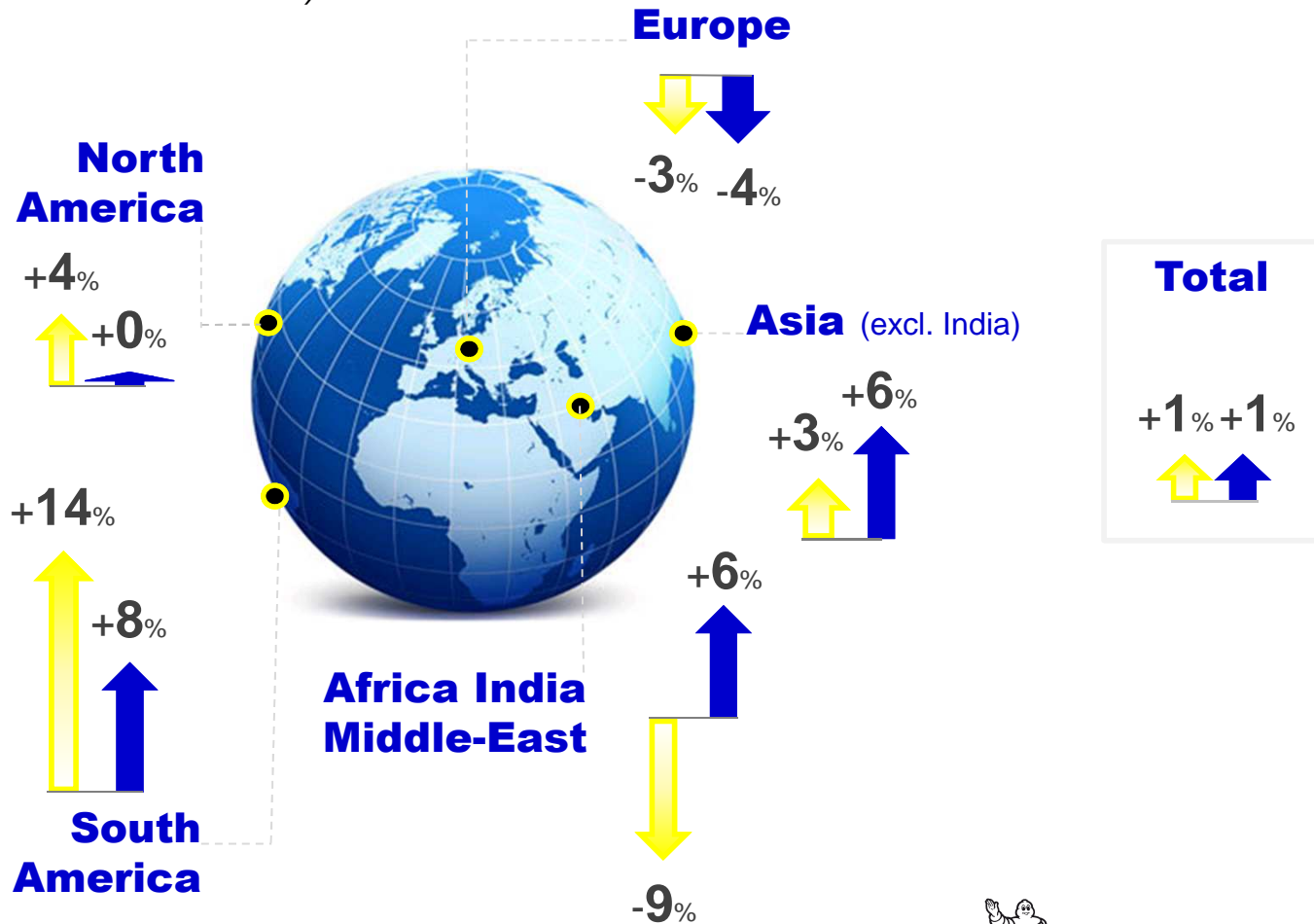


**DEMAND RECOVERING BUT
STILL WEAK IN MATURE
MARKETS**

Car & Light truck: as Expected, an Improvement in the 2nd Quarter and Sustained Strong Growth in the New Markets

Markets at June 30, 2013

(% change YoY, based on number of tires)



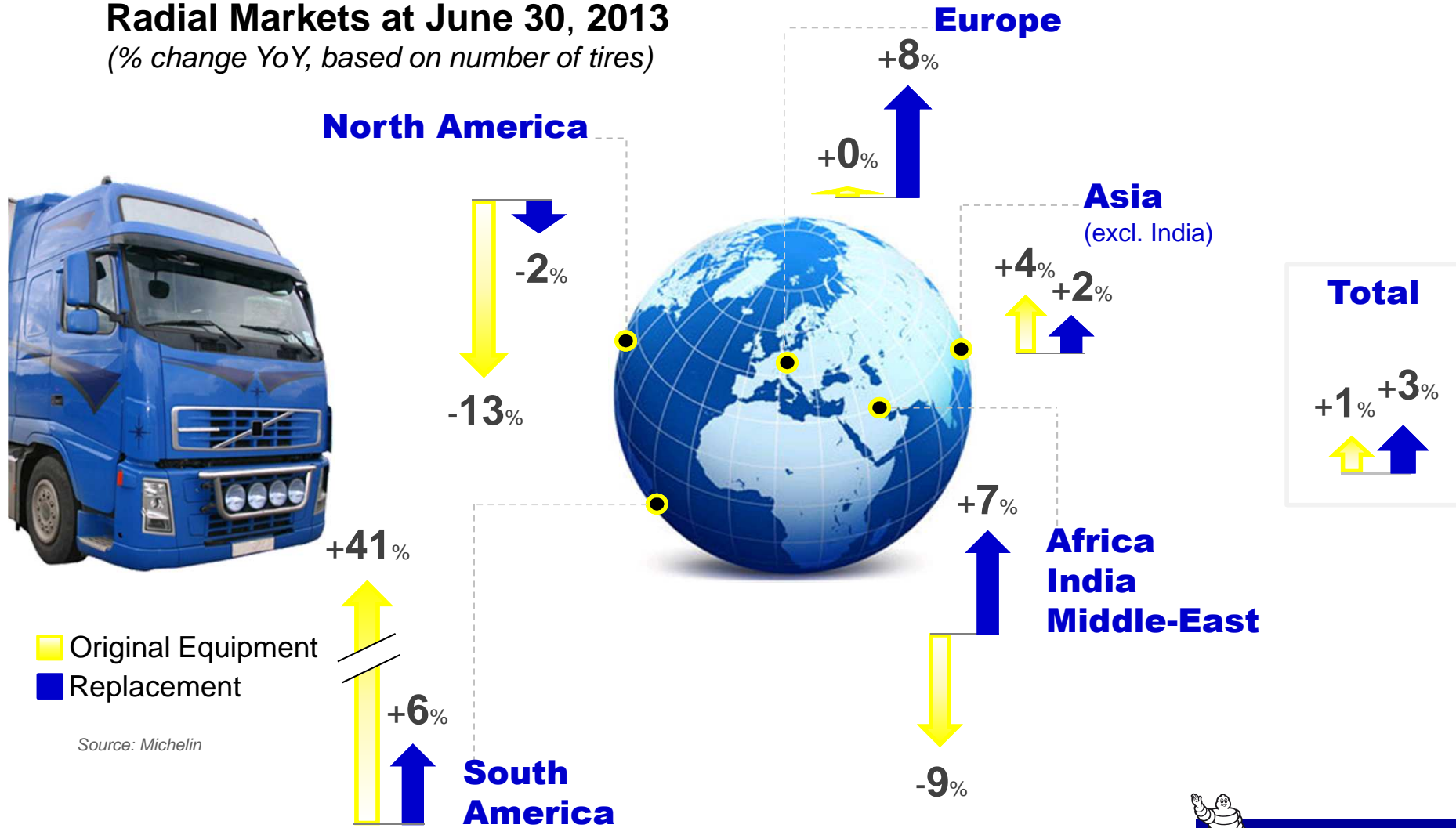
█ Original Equipment
█ Replacement

Source: Michelin



Truck: Improvement in the 2nd Quarter and Technical Upturn in Europe off of Weak Comparatives

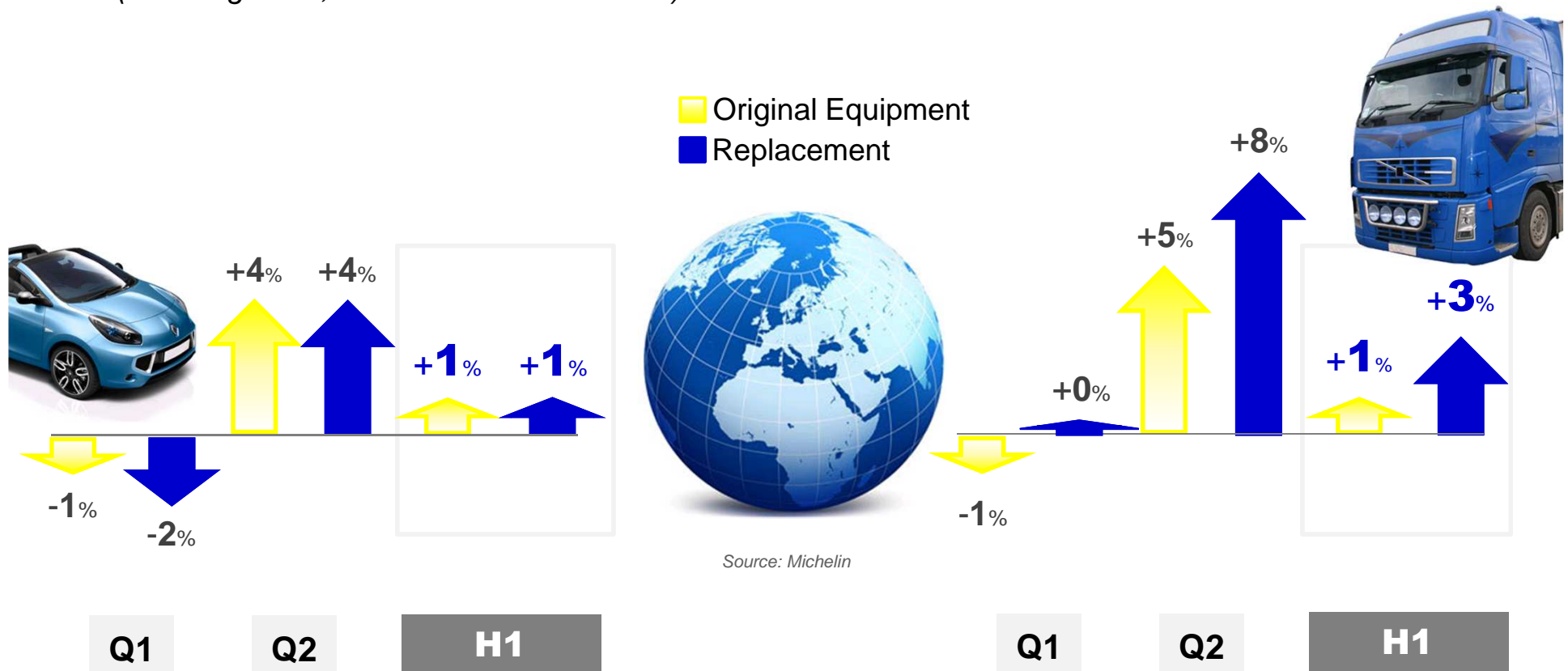
Radial Markets at June 30, 2013
 (% change YoY, based on number of tires)



Car & Light truck – Truck:

Promising Upward Trends in the 2nd Quarter

Worldwide markets by quarter, first-half 2013
 (% change YoY, based on number of tires)



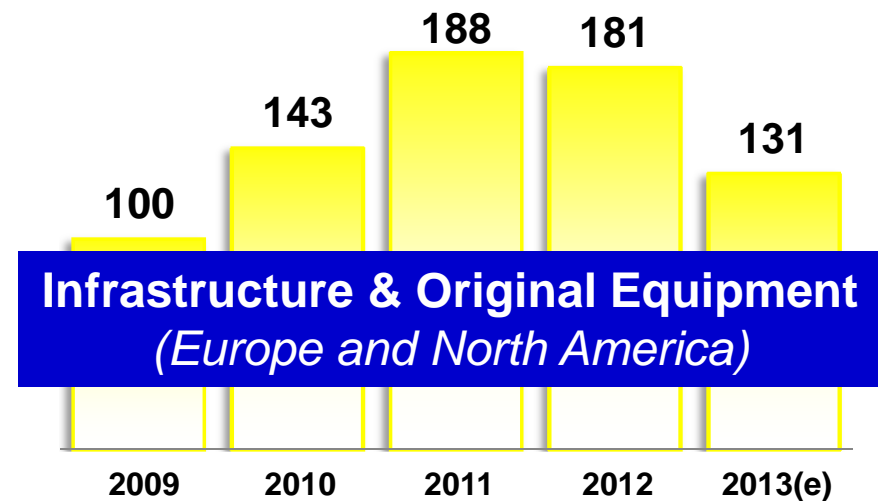
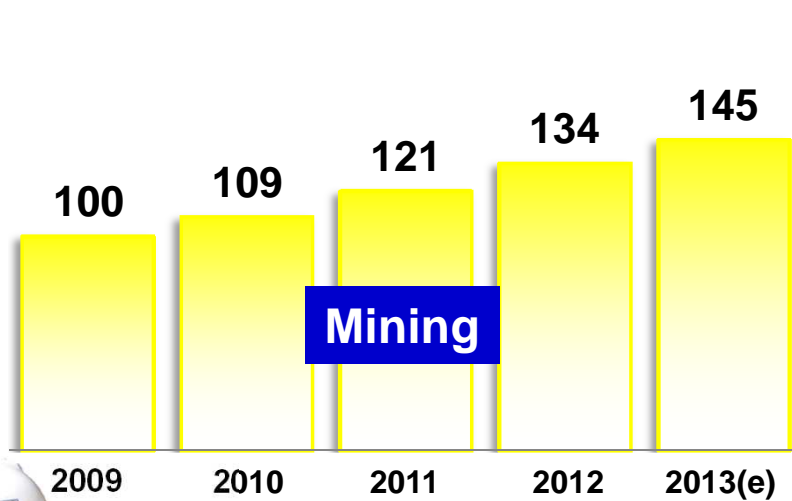
Source: Michelin



Contrasting Trends in Earthmover Markets

Earthmover Markets

(base 100 in 2009, in number of tires)



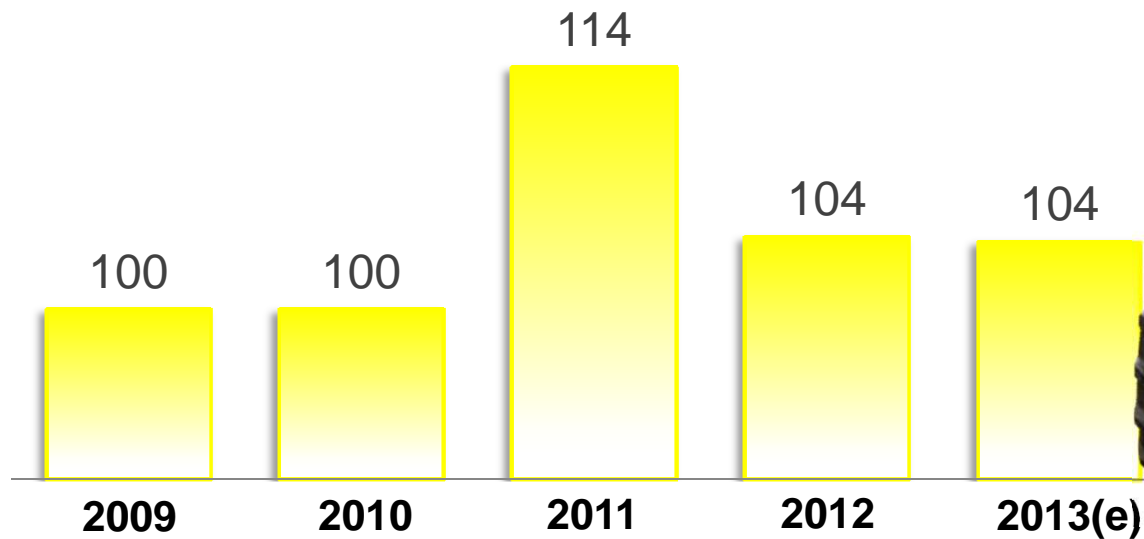
Source: Michelin



Agricultural Tire Demand Leveling off in Mature Markets

Agricultural Markets

(base 100 in 2009, in number of OE & RT tires)

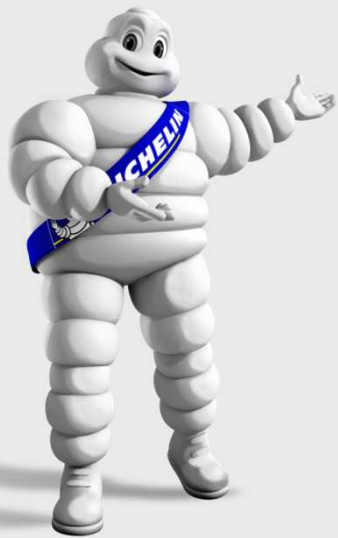


Source: Michelin



July 25, 2013

1st-HALF 2013 **RESULTS**



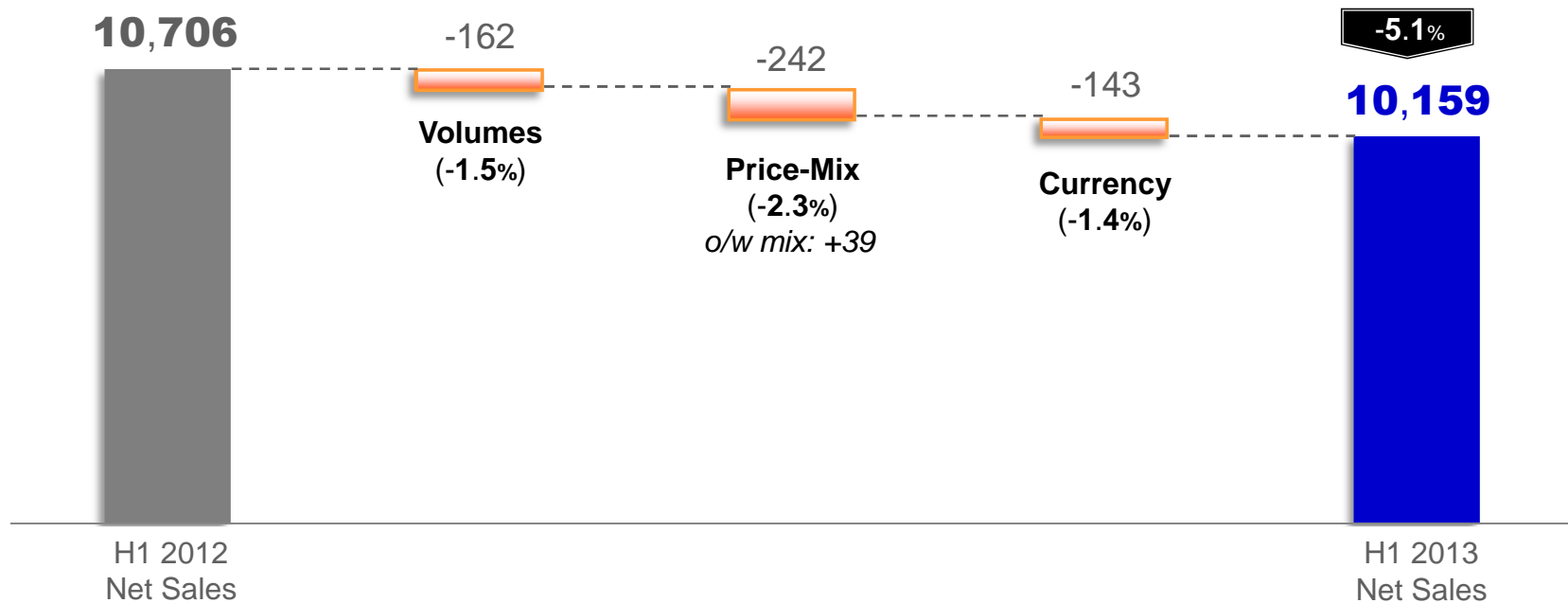
BUSINESS PERFORMANCE IN LINE WITH 2013 OBJECTIVES



Net Sales: as Expected, a Slight Decline in an Unfavorable Environment

YoY Change

(in € millions and as a % of net sales)



Volumes: Upturn in Q2 as Expected

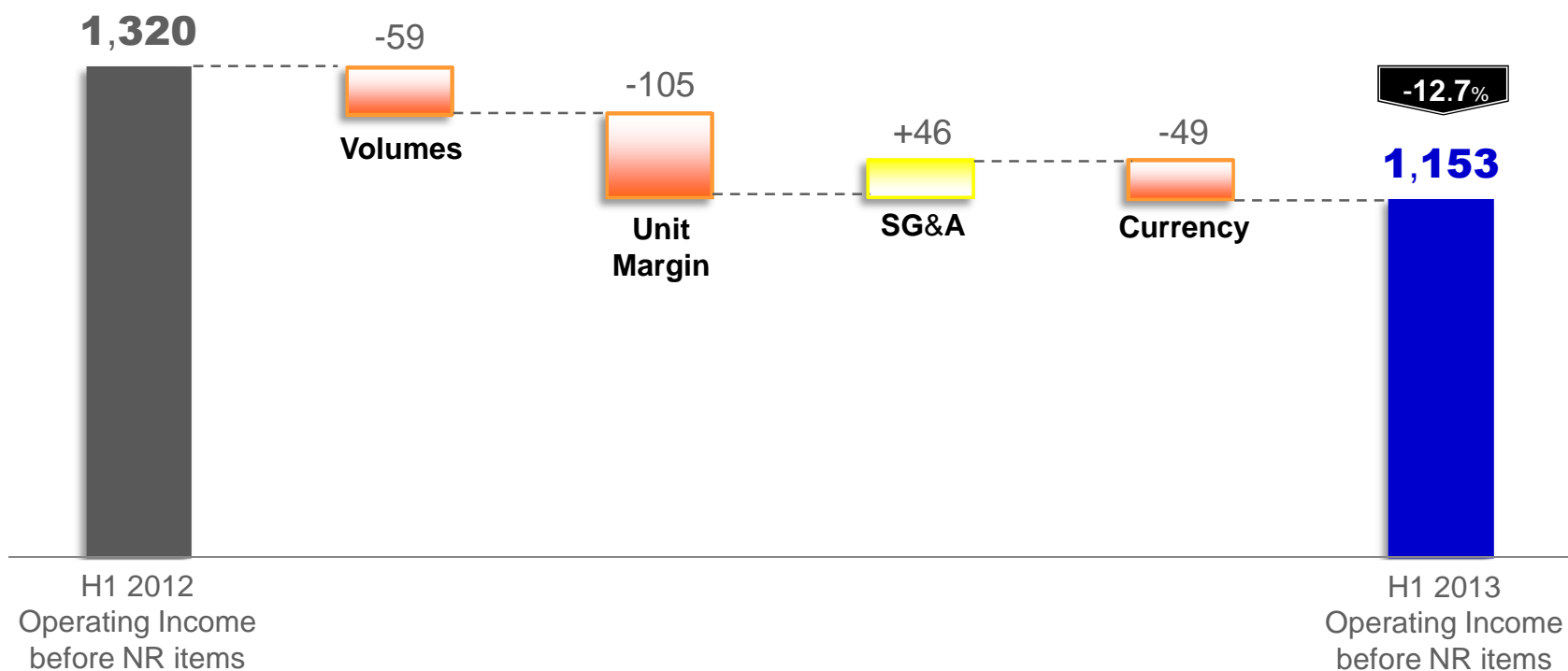
Price-mix: Prices Leveled out QoQ in Q2

% change YoY



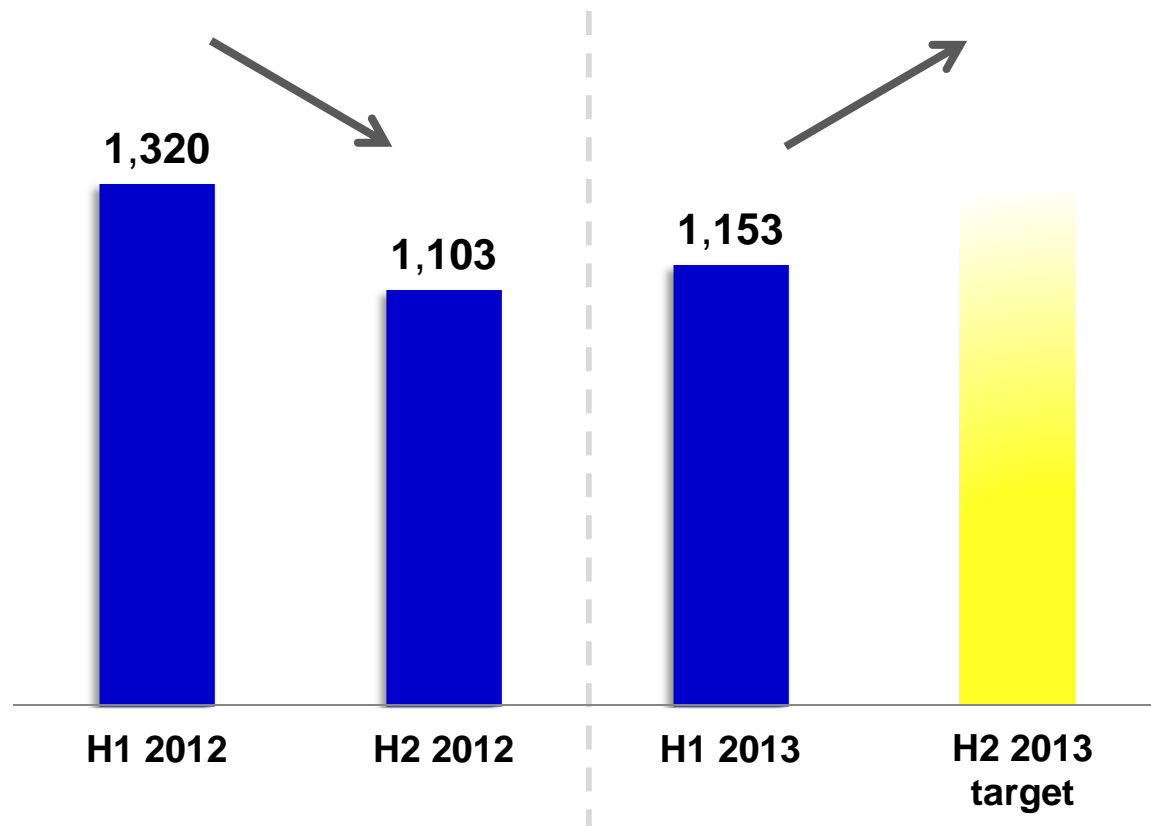
Operating Income: in Line with the Expected Half-year Pattern

YoY change (in € millions)



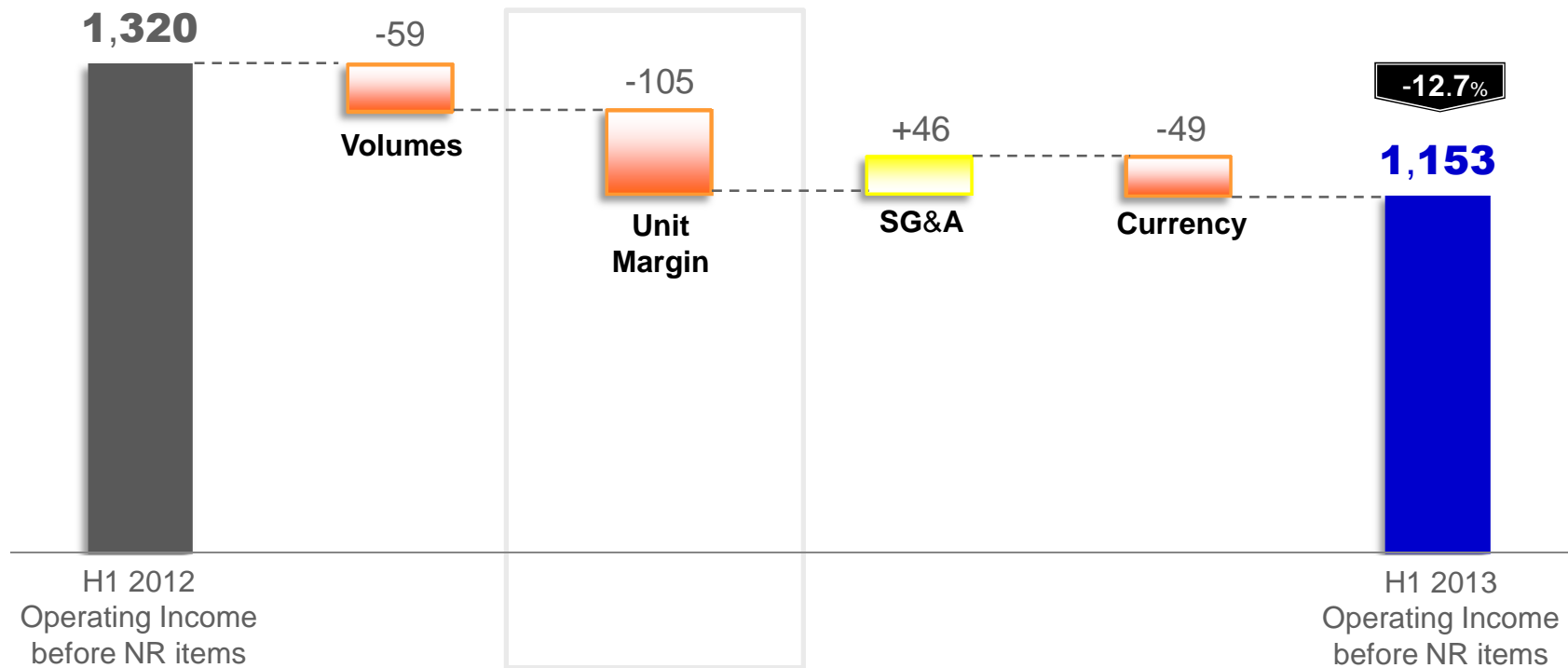
In 2013, the Half-Year Pattern will Reverse, with a Growing Impact from Lower Raw Materials Costs

Half-year operating income
(in € millions)



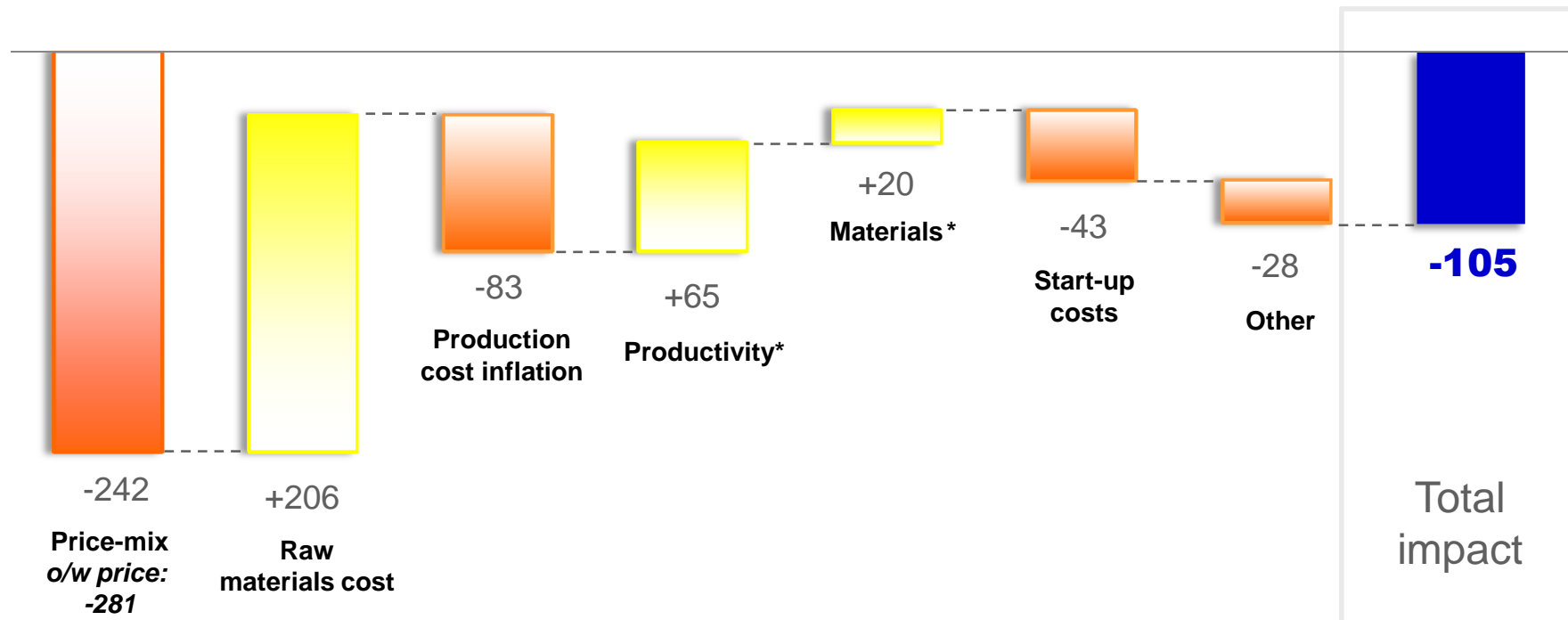
Operating Income: in Line with the Expected Half-year Pattern

YoY change (in € millions)



Managing Unit Margins through a Carefully Managed Pricing Policy and Productivity Gains

YoY change in unit margin components
(in € millions)

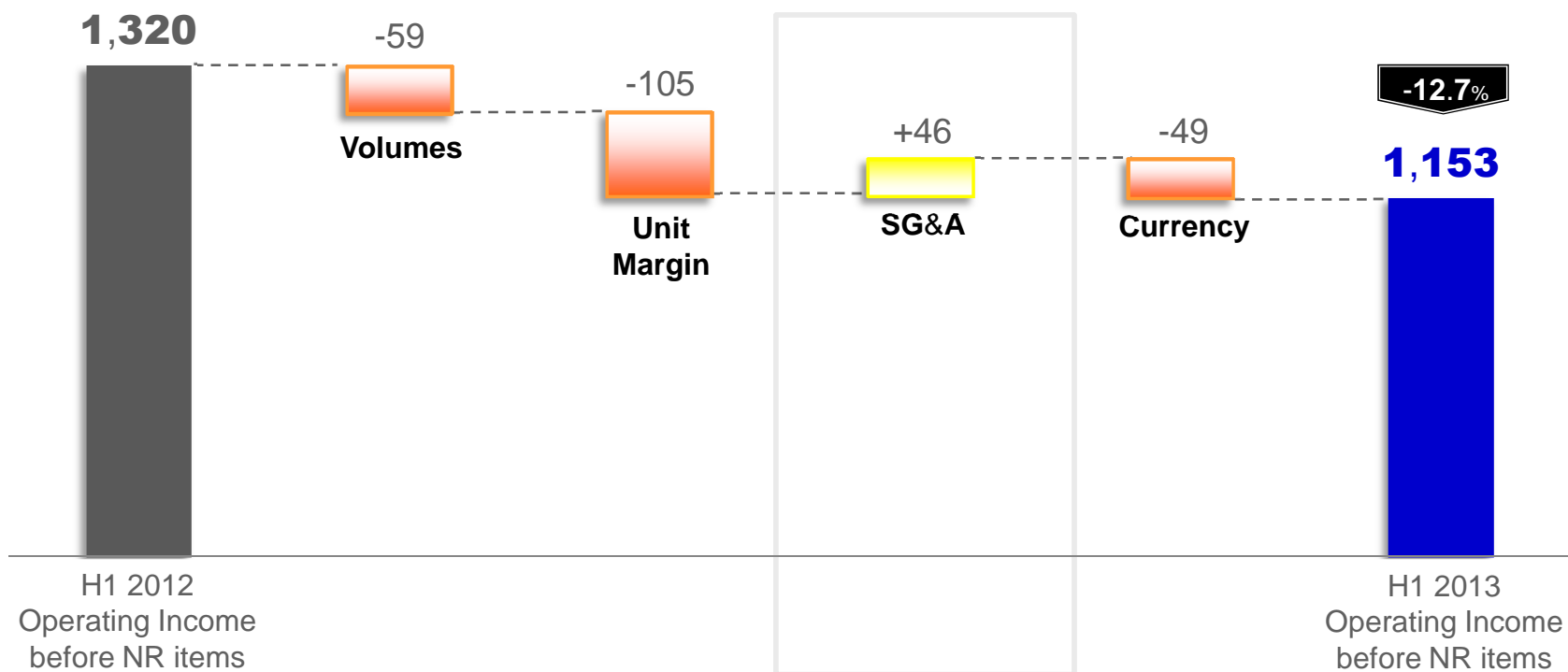


* Part of the competitiveness plan



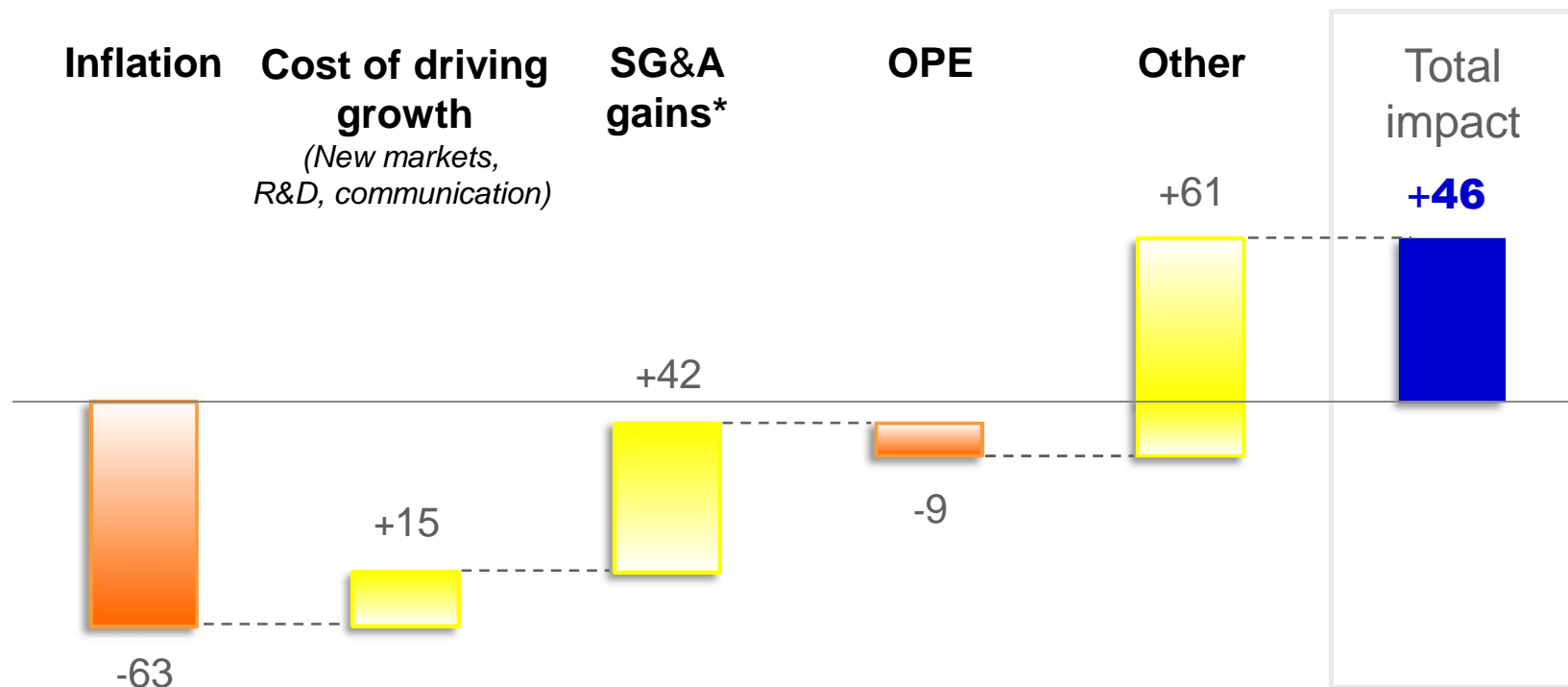
Operating Income: in Line with the Expected Half-year Pattern

YoY change (in € millions)



Cost Discipline and Impact of the Competitiveness Program

YoY change in SG&A (in € millions)

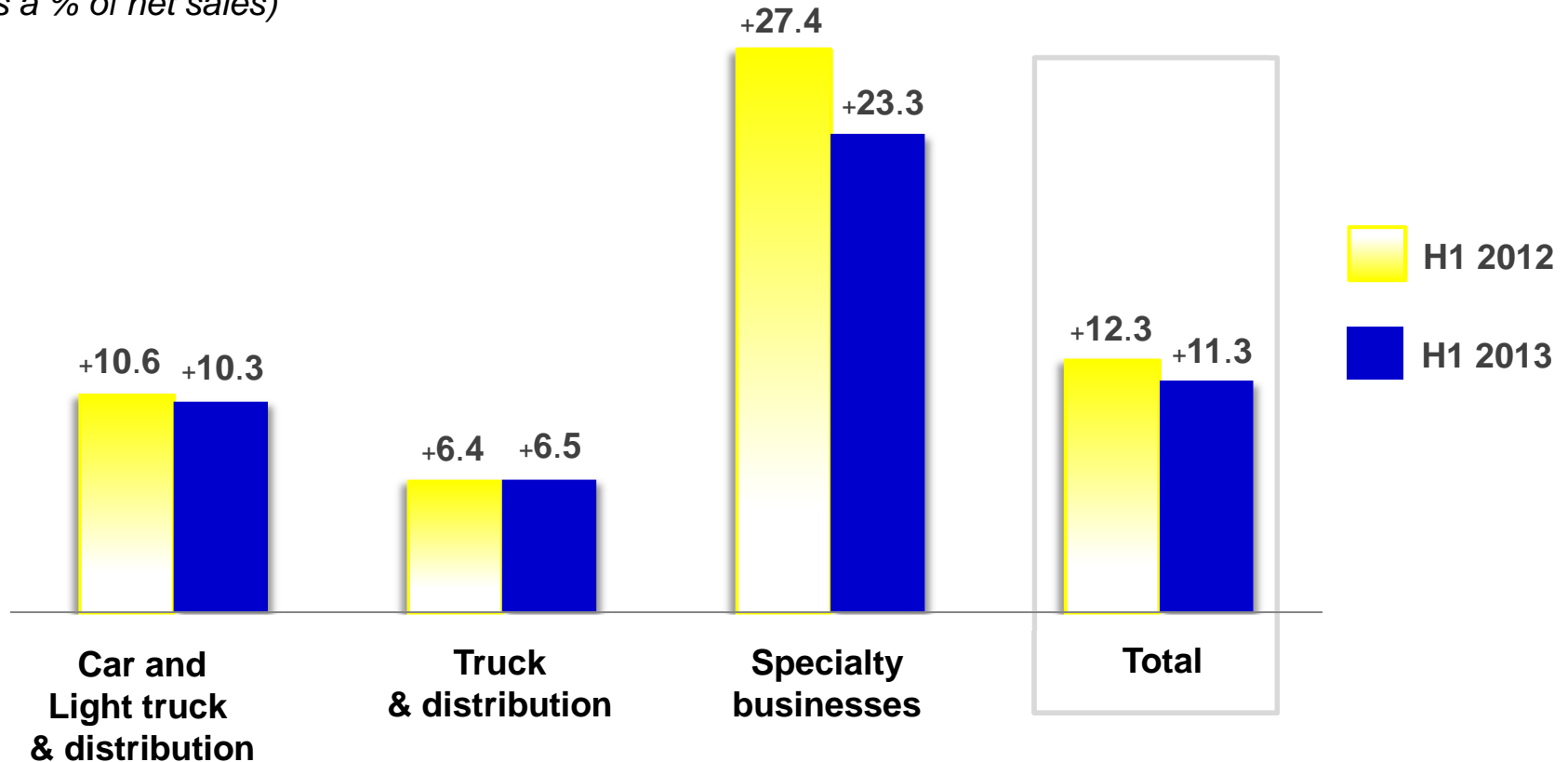


* Part of the competitiveness plan



Operating Margin: Firm Operating Margin Resistance

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



Car & Light truck: Carefully Managed Unit Margin

Car & Light truck

(in € millions)



	H1 2013	H1 2012	% Change
Net Sales	5,321	5,501	-3.3%
Volume Change	-0.5%		
Operating Income (before non-recurring items)	550	581	-5.3%
Operating Margin (before non-recurring items)	10.3%	10.6%	-0.3 pts

- ▶ Good sales performance, particularly in ≥17'
- ▶ Benefits from the Group's global footprint
- ▶ Prices held firm at 1st-quarter levels in the 2nd quarter
- ▶ Successful launch of the MICHELIN Pilot Sport All Season in North America and MICHELIN Primacy 3 ST in Asia and Brazil



Truck & Light truck: Confirmed Potential for Improvement in a Less Favorable Environment

Truck

(in € millions)



	H1 2013	H1 2012	% Change
Net Sales	3,121	3,269	-4.5%
Volume Change	-1.8%		
Operating Income <i>(before non-recurring items)</i>	203	209	-2.9%
Operating Margin <i>(before non-recurring items)</i>	6.5%	6.4%	+0.1 pt

- ▶ Good volume resilience in mature markets, which remain historically weak, especially in Europe
- ▶ Stable prices in first half
- ▶ Successful introduction of the new MICHELIN X Line Energy in Europe and the US
- ▶ Well on track to 7-9% target margins



Specialty Tires: Margins at the Top of the 20-24% Target Range

Specialty businesses

(in € millions)



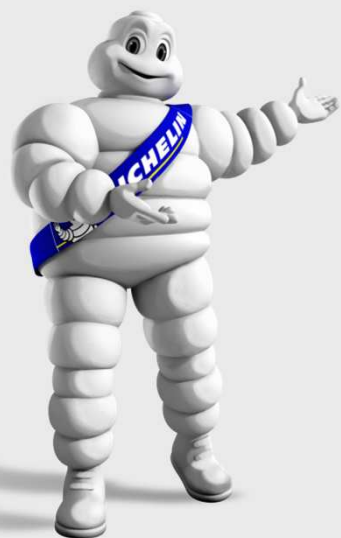
	H1 2013	H1 2012	% Change
Net Sales	1,717	1,936	-11.3%
Volume Change	-4.6%		
Operating Income <i>(before non-recurring items)</i>	400	530	-24.5%
Operating Margin <i>(before non-recurring items)</i>	23.3%	27.4%	-4.1 pt

- ▶ Volume impacted by market environment:
 - Still buoyant in Mining
 - Very unfavorable in OE and Infrastructure
 - Stable in Agricultural
- ▶ Contractual price reductions on application of raw-materials indexation clauses
- ▶ Operating margin stable vs. H2 2012



July 25, 2013

1st-HALF 2013 **RESULTS**



3

ROBUST FINANCIAL STRUCTURE

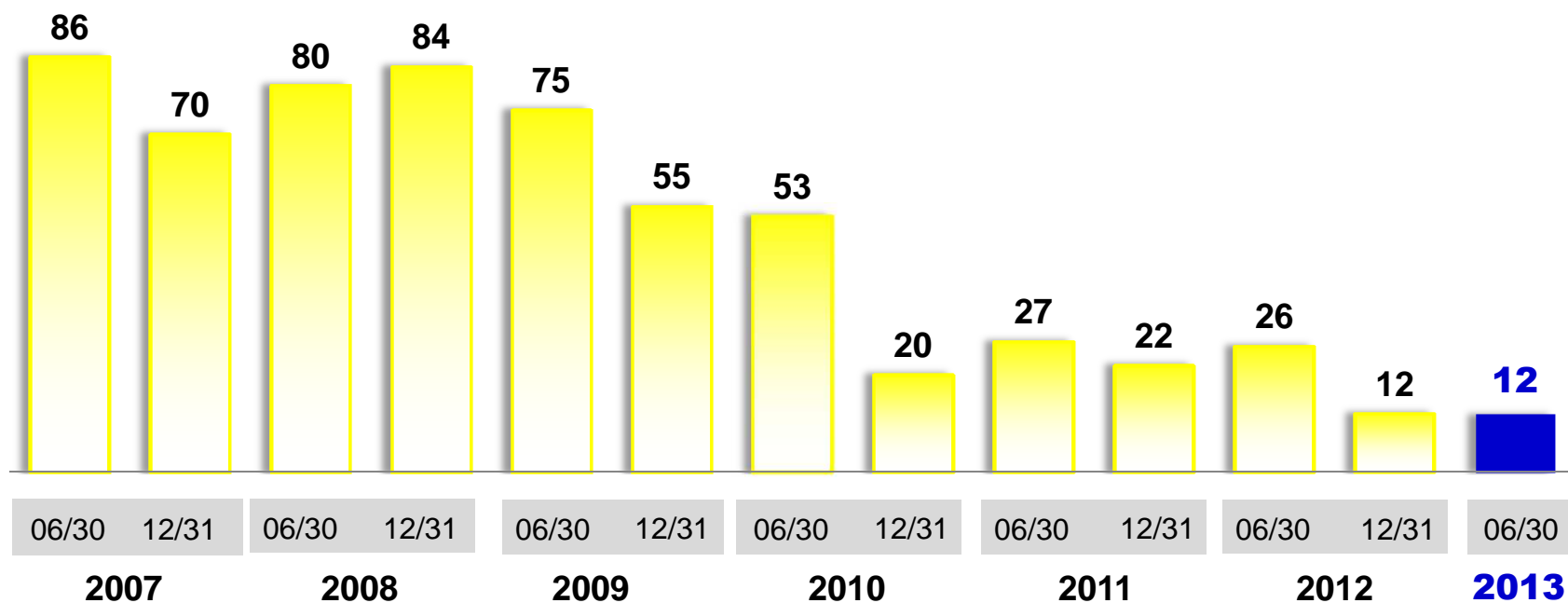
Positive Free Cash Flow despite the Usual Seasonal Variations

<i>In € millions</i>	H1 2013	H1 2012
EBITDA	1,675	1,823
Change in WCR	(157)	(680)
Change in provisions	(109)	(16)
Cash Flow from Operations	1,409	1,127
Taxes and Interest Paid	(317)	(384)
Routine Capital Expenditure <i>(Maintenance, IS/IT, Dealerships)</i>	(290)	(225)
Available Cash Flow	802	518
Growth Investments	(472)	(435)
Other Cash Flow from Investing Activities	(183)	(76)
Free Cash Flow after Capital Expenditure	147	7



A Robust Balance Sheet: Favorable Impact of Free Cash Flow Generation and the Decline in Employee Benefit Obligations

Gearing – Net Debt / Equity (in %)



July 25, 2013

1st-HALF 2013 **RESULTS**



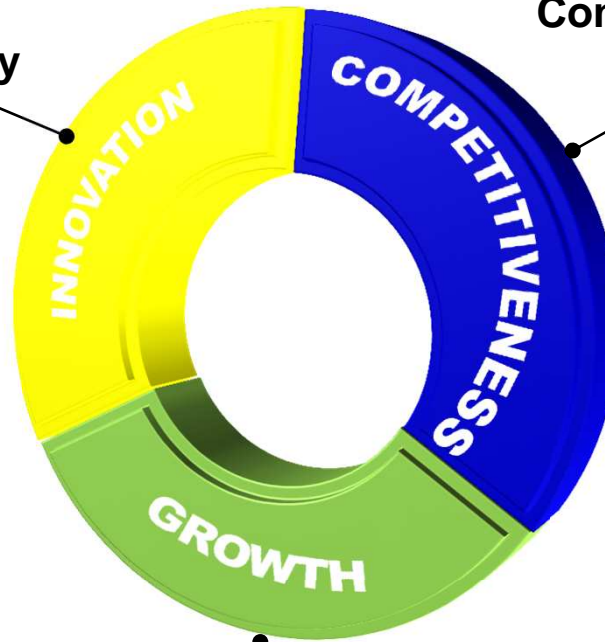
STRATEGIC PILLARS



The Three Strategic Pillars

1 Innovate to drive differentiation and loyalty

Continuously become more competitive **2**



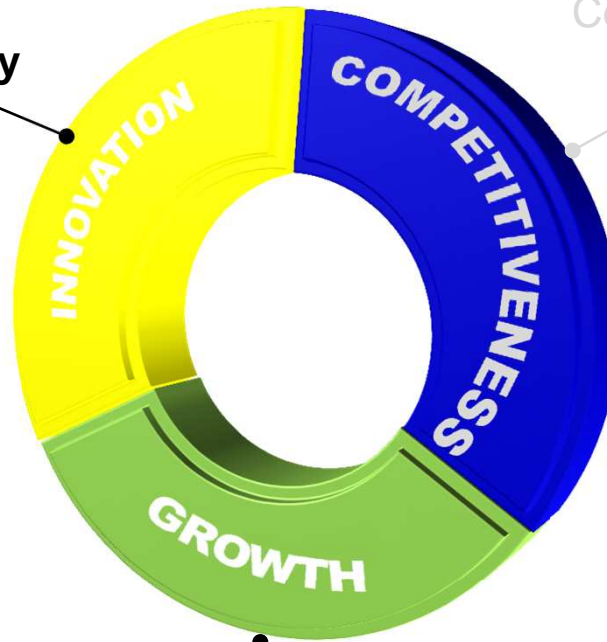
3 Drive faster growth



The Three Strategic Pillars

1 Innovate to drive differentiation and loyalty

Continuously become more competitive **2**



3 Drive faster growth



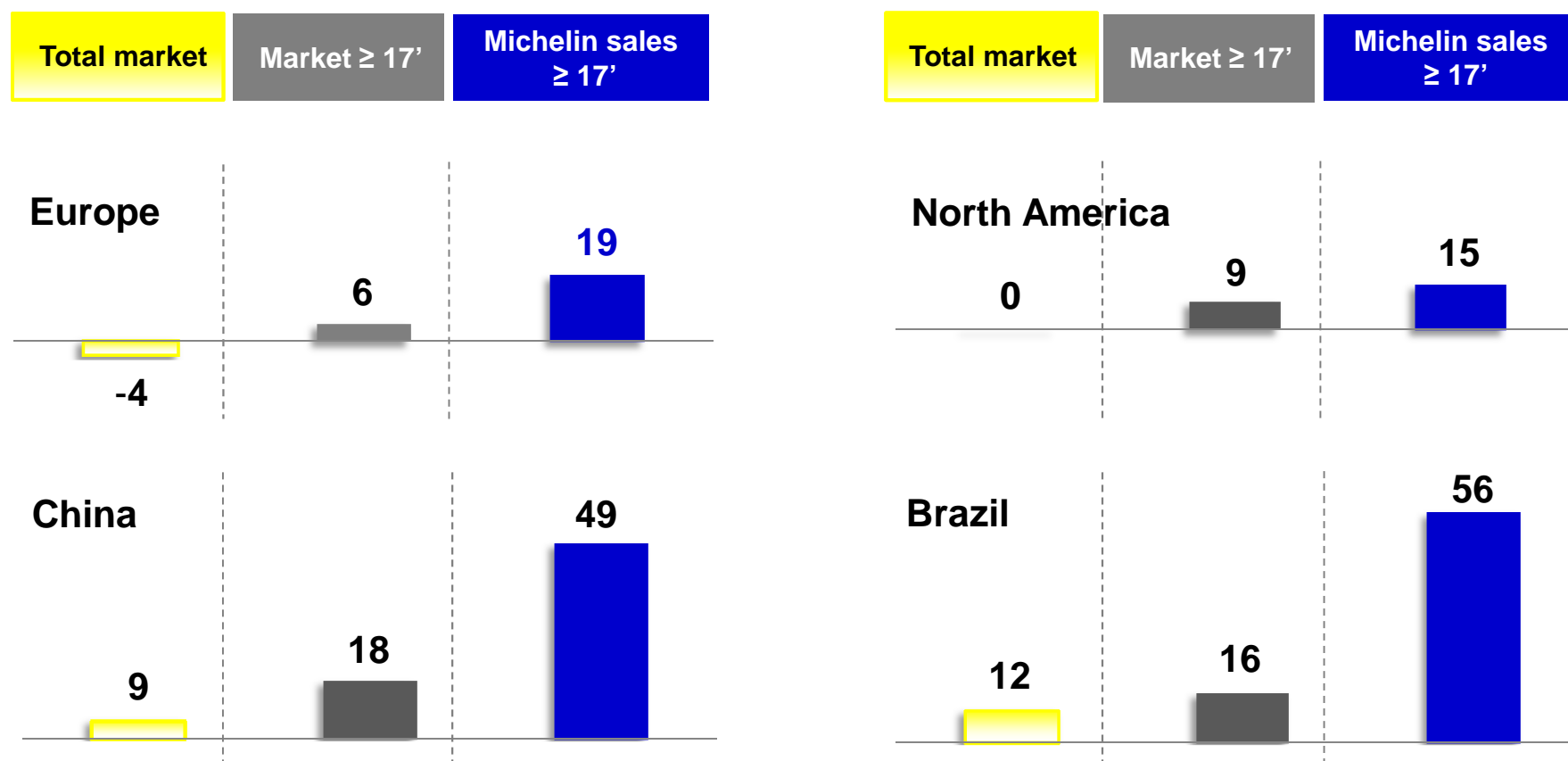
Sustained Introduction of Innovative Products



The Premium Car & Light Truck Tire Segment: a Major Growth Opportunity Being Seized by Michelin

Growth in the replacement Car & Light truck market

(H1 2013 vs. H1 2012 in %)



Source: Michelin



Investing in Indonesia to Insource the Technology and Retain Value Added

► The Indonesian project

- Synthetic rubber plant scheduled to come on stream in 2017
- Joint venture with Petrokimia Butadiene Indonesia
- Total investment: \$435m
 - Michelin contribution: 55%

► Strategic vision for vertical integration

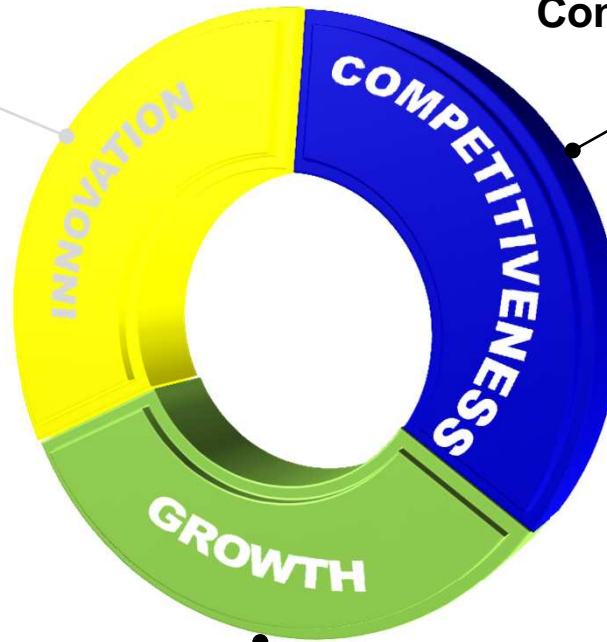
- Secure supply
- Maintain and protect the technology
- Retain the value added
- Costs



The Three Strategic Pillars

1 Innovate to drive differentiation and loyalty

Continuously become more competitive 2



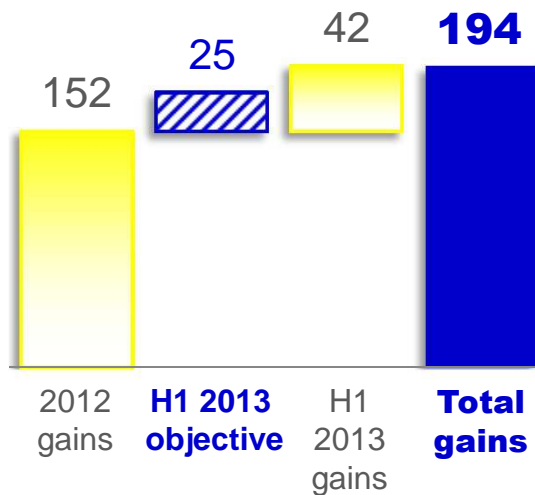
3 Drive faster growth



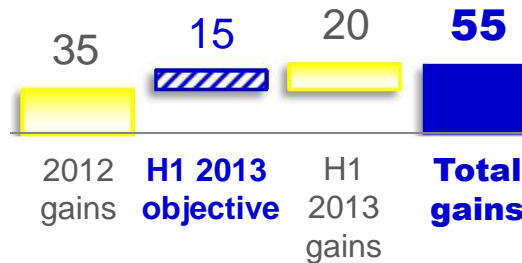
Competitiveness Plan: €127m in Gains in 2013, Held Back by Weak Volumes



SG&A



Materials



Manufacturing – Transport



June-2013 Release: a Project to Improve Competitiveness

- ▶ **Development of a highly competitive Truck tire production center in La Roche-sur-Yon, doubling output from 800,000 to 1.6 million units a year by 2019**
- ▶ **Closure project of Truck tire facilities in France, Algeria and Colombia**
- ▶ **Upgrade projects at the global R&D center in Clermont-Ferrand**

The June-2013 Projects will Eventually Deliver more than €70m in Productivity Gains a Year

<i>In € millions</i>	2013	2014	2015	2016	
					Total Non-recurring expense
Non-recurring expense	(250)	0	0	0	(250)
o/w cash out	(42)	(70)	(25)	(10)	
					Net cash
Cash in (asset sales)			+23		(135)
					Annual gains after 2016
Productivity		+53	+65	+72	+72



The Three Strategic Pillars

1 Innovate to drive differentiation and loyalty

Continuously become more competitive

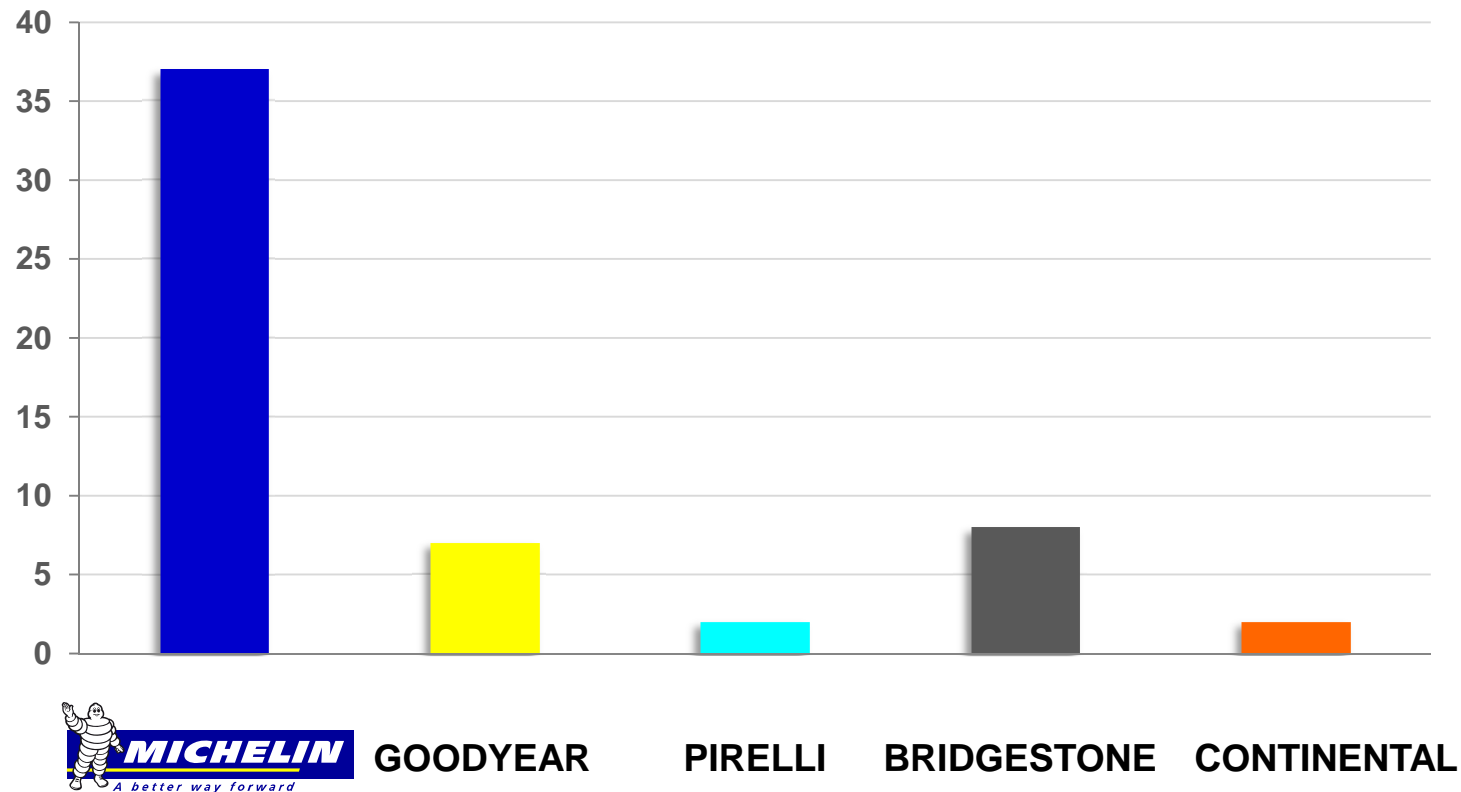
2



3 Drive faster growth



The Brand Preferred by Premium Consumers with Strong Equity in China



Source: Brand Health Research, Nielsen



China: a Comprehensive Brand Portfolio to Match Dealers' Product Requirement



Growth in China: the Largest Dealership Network

Dealers: Long term, Partnering and Premium-Positioned

Dealership networks – number of sales outlets

BRAND	Durable	Advocate	Transactional	TOTAL
MICHELIN	T+ (TyrePlus) MTC (Michelin Tyre Service Center) MBA (Michelin Business Acceleration) 1,865	MCR (Michelin Certified Retailer) 2,536	MSD (Michelin Selected Dealer) 2,624	7,025
GOODYEAR	FLAGSHIP 400	SERVICE CENTER 800	IMAGE SHOP 700	1,900
BRIDGESTONE	WOC (Wing Of Car) 276	BTS (Bridgestone Tyre Shops) BTS + (Bridgestone Tyre Shops Plus) 1,391	BOSS 1,328	2,995
CONTINENTAL	Best Drive 13	CCS 1,071	CAR/CCR 2,825	3,909
HANKOOK	T-Station -	Tire Town 1,100	Image Shop 400	1,500

Source: Michelin



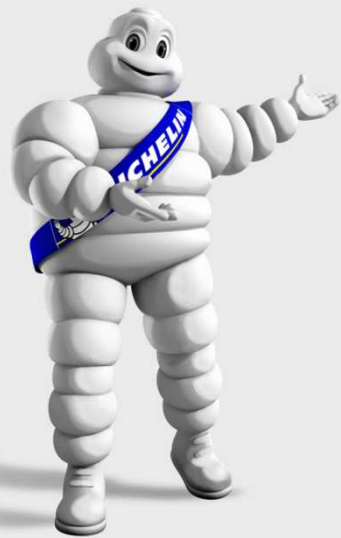
Capital Programs Being Deployed on Schedule to Capture Growth

- ▶ **Brazil** (Car & Light truck): production ramp-up (**17KT** in 2013)
- ▶ **China** (Car & Light truck and Truck): production ramp-up (**25KT** in 2013)
- ▶ **India** (Truck): **1st tire**: July 2013
- ▶ **United States** (Mining): **1st tire**: end-2013



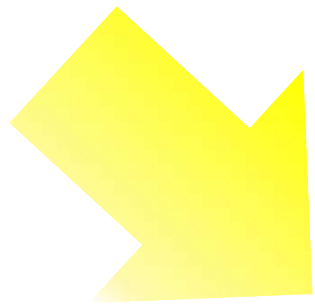
July 25, 2013

1st-HALF 2013 **RESULTS**



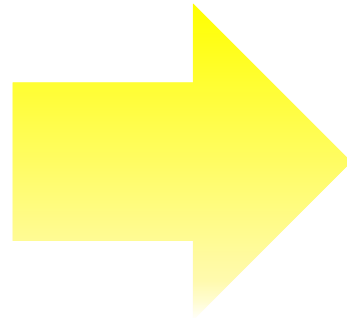
OUTLOOK

2013 Markets in Line with the Original Scenario



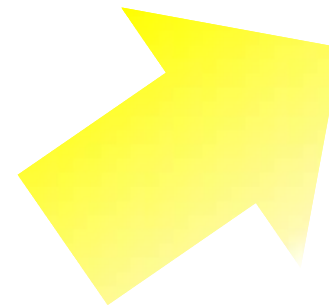
Europe

Car &
Light truck
+
Truck



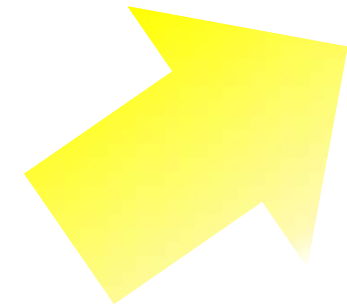
North America

Car &
Light truck
+
Truck



New Markets

Car &
Light truck
+
Truck



Mining Markets

2013 Guidance Confirmed

▶ Stable operating income before non-recurring items

Confirmed

■ Stable volumes

■ Margin management: combined price-mix/raw materials impact still positive

- Unfavorable price-mix, mainly due to the raw-materials indexation clauses and strategic price repositionings
- Favorable impact from raw materials, of around €350m in H2

▶ Positive FCF

Confirmed

■ Around €2bn in capex

▶ > 10% ROCE

Confirmed



Key Takeaways

- ▶ **First-half 2013: business performance in line with objectives**
 - **Generation of FCF despite the usual seasonal variations**
 - **Upturn in demand in the second quarter**
 - **Margins managed with a careful pricing policy**
 - **Mining tire business still expanding**
 - **Efficient competitiveness plan**
 - **Capital programs being deployed on schedule**

2013 guidance confirmed



July 25, 2013

1st-HALF 2013 **RESULTS**



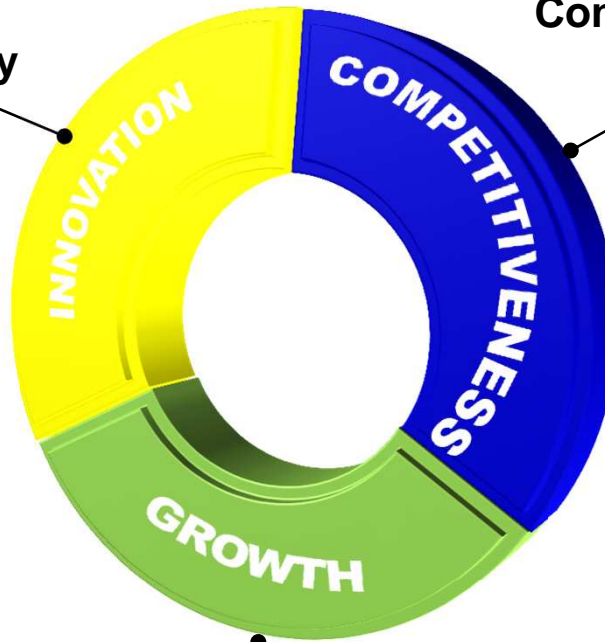
APPENDICES



The Three Strategic Pillars

1 Innovate to drive differentiation and loyalty

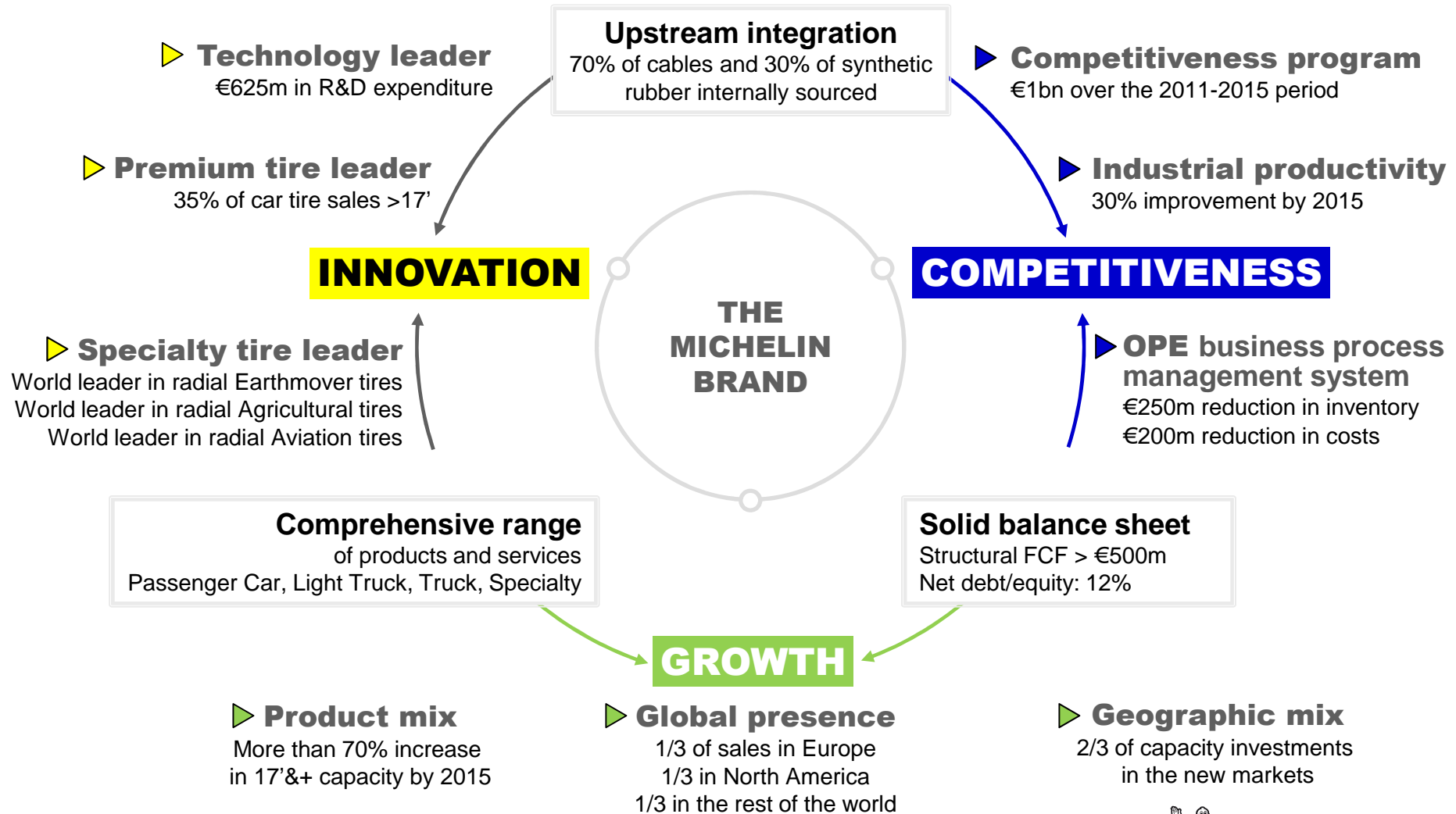
Continuously become more competitive **2**



3 Drive faster growth



A Strategy Built on Solid Competitive Strengths



Impact on the H1 2012 Income Statement of the Change in Accounting for Employee Benefits (IAS19)

<i>In € millions</i>	H1 2012 Reported	Accounting change	H1 2012 adjusted for IAS19
Net Sales	10,706	-	10,706
Operating Income <i>before non-recurring items</i>	1,320	+ 28	1,348
Operating Income	1,417	+ 28	1,445
Interest Costs ⁽¹⁾	(88)	- 87	(175)
Income before Taxes	1,329	- 59	1,270
Income Tax	(414)	+ 20	(394)
Net Income	915	- 39	876

⁽¹⁾ Including associates



Impact on the H1 2012 Balance Sheet of the Change in Accounting for Employee Benefits (IAS19)

<i>In € millions</i>	H1 2012 reported	Accounting change	H1 2012 adjusted for IAS19
Non-current assets	10,779	- 27	10,752
of which deferred tax assets	1,413	- 27	1,386
Current assets	10,287	-	10,287
Total assets	21,066	- 27	21,039

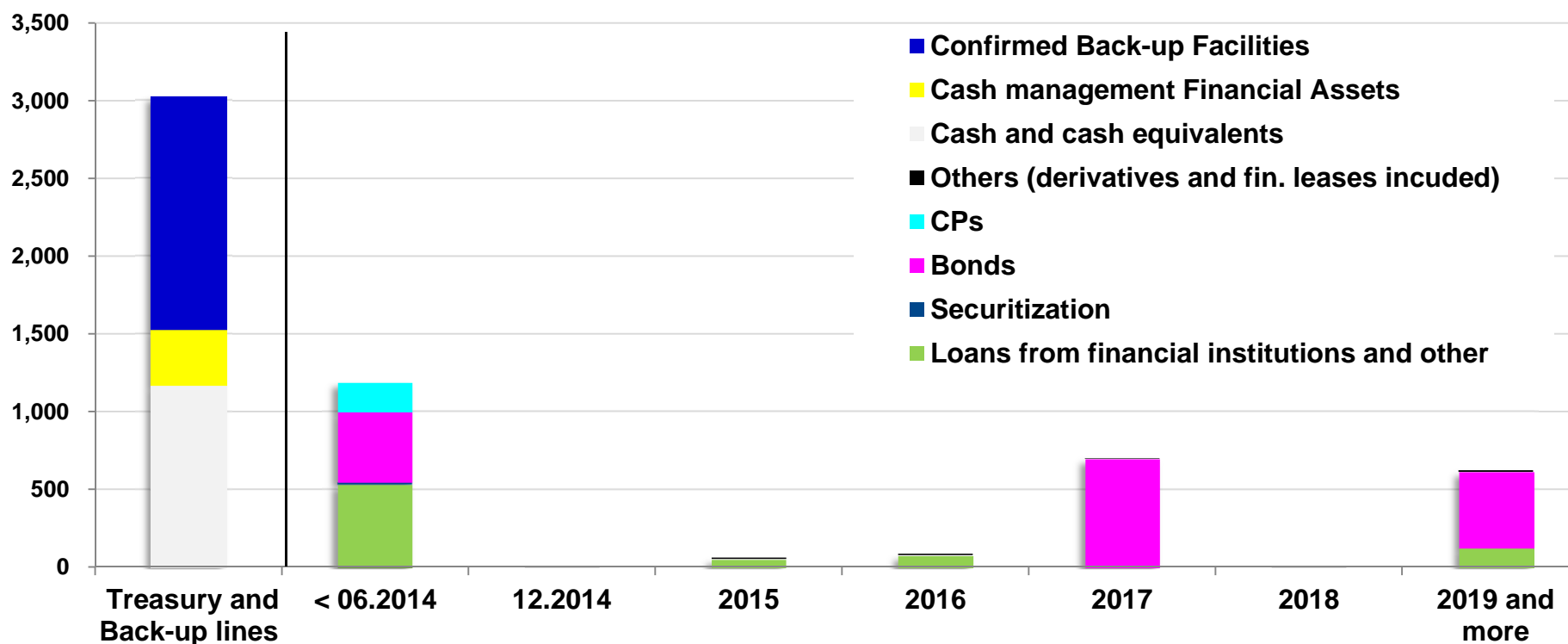
Equity	8,502	+ 42	8,544
Non-current liabilities	7,598	- 69	7,529
of which employee benefit obligations	4,180	- 69	4,111
Current liabilities	4,966	-	4,966
Total Equity and Liabilities	21,066	- 27	21,039



A Robust Cash Position

Debt maturities at June 30, 2013

(Nominal value, in € millions)



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