

First-Half Results **2010**



July 30, 2010



Historically high 9.8% operating margin

- Further growth in demand in every geography
- Net sales up 17% to €8.3 billion
- Sales volumes up 15.3%, supported by the MICHELIN brand's global footprint
- Excellent manufacturing performance demonstrating the improvement in competitiveness
- Financial structure still solid



First-half 2010 financial highlights

In € millions	H1 2010	H1 2009
Net Sales	8,349	7,134
Operating Income before non-recurring items	822	282
Operating Margin before non-recurring items	9.8%	4.0%
Net Income/(loss)	504	(122)
Investments	251	319
Net debt-to-equity ratio	53%	75%
Free Cash Flow*	(30)	575

*Cash flows from operating activities less cash flows used in investing activities



OUTLINE



Sustained growth in demand

Historically strong performance

Still solid financial structure

Outlook

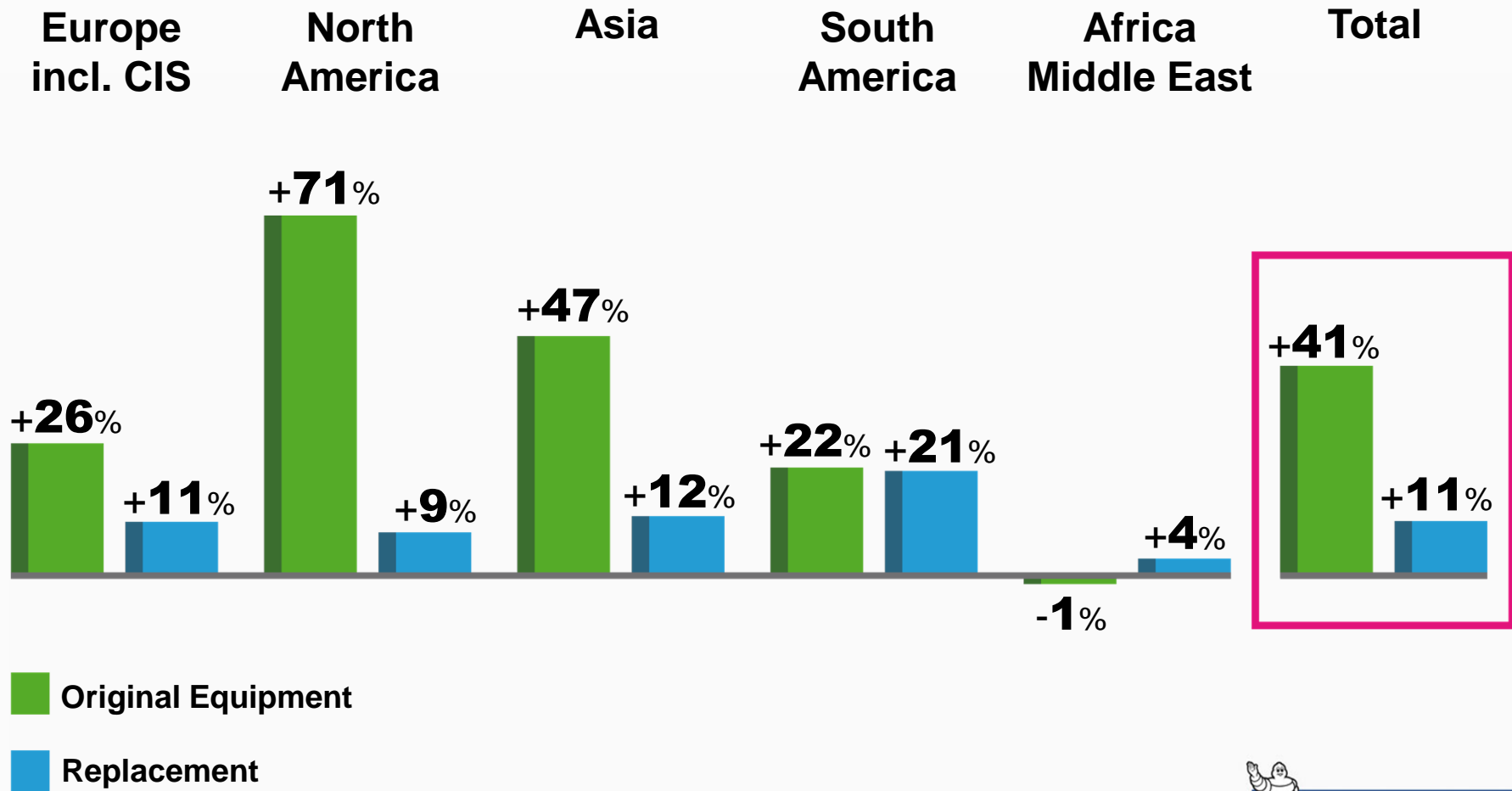


Sustained growth in demand



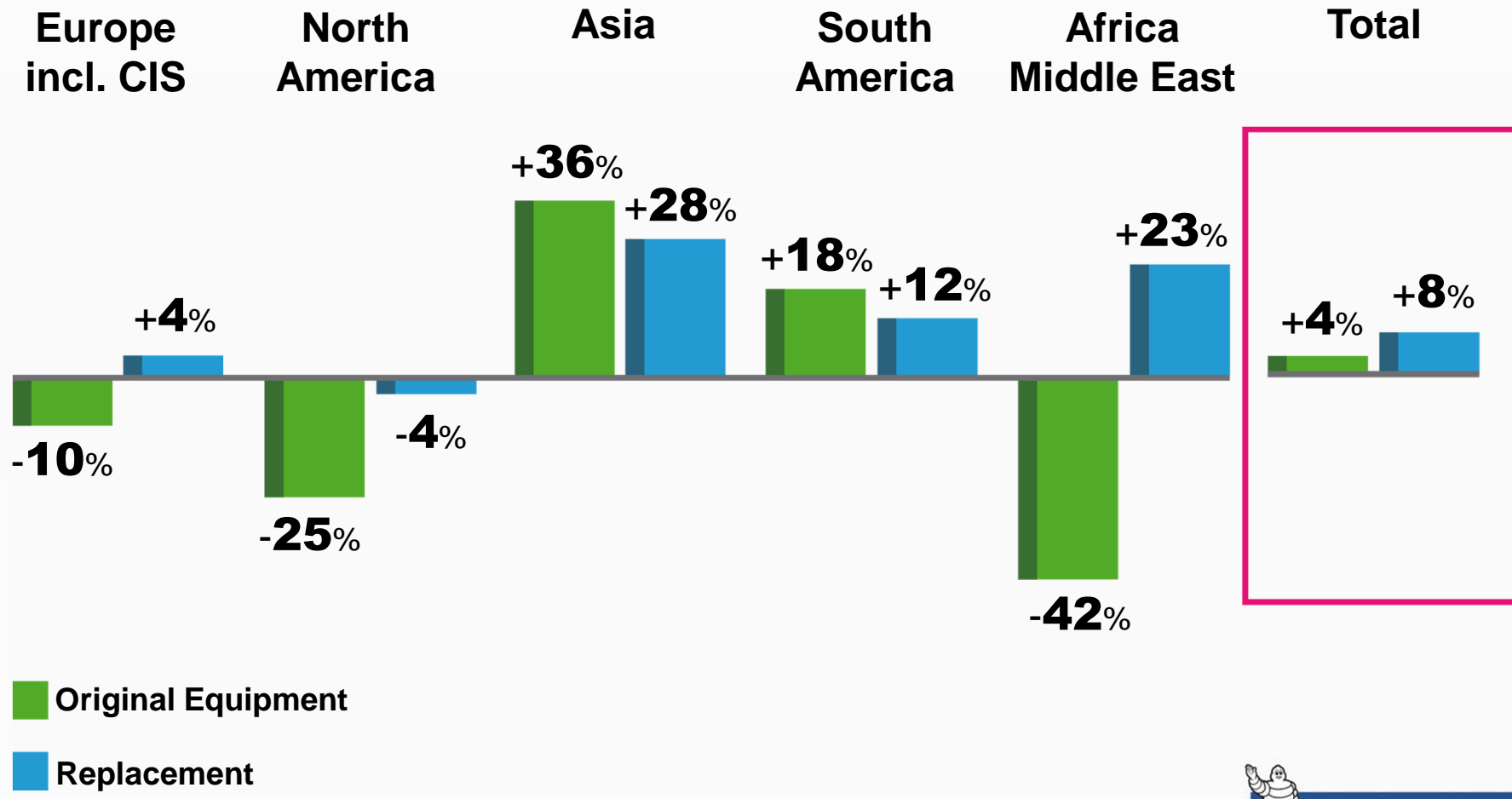
Stronger-than-expected rebound in Passenger Car and Light Truck markets

Markets at June 30
2010 / 2009



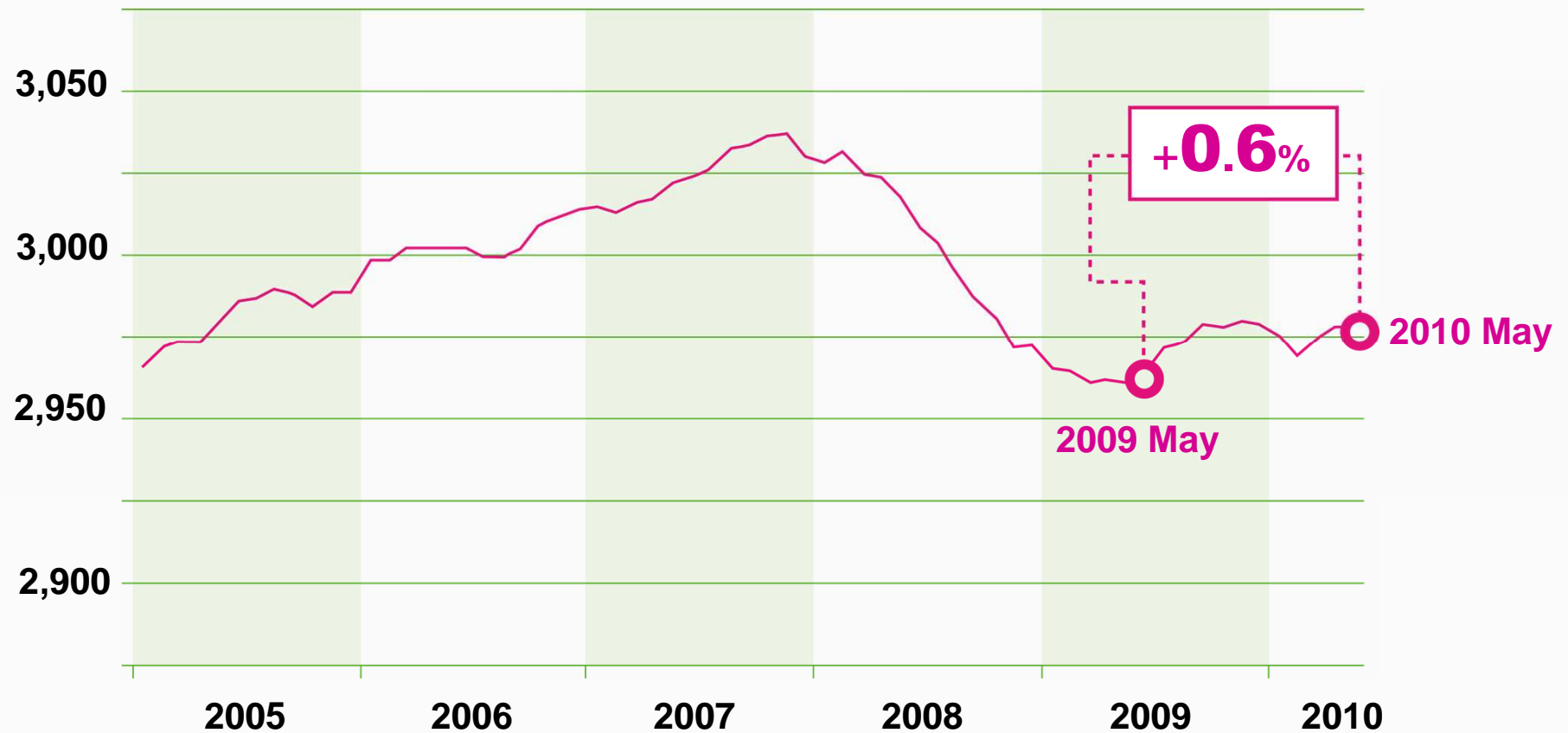
Passenger Car and Light Truck: OE mature markets generally lag 2007 levels

Markets at June 30
2010 / 2007



Recovery in US vehicle miles driven

VEHICLE MILES DRIVEN IN THE UNITED STATES (BILLIONS - MOVING 12-MONTH)
JANUARY 2005 – MAY 2010

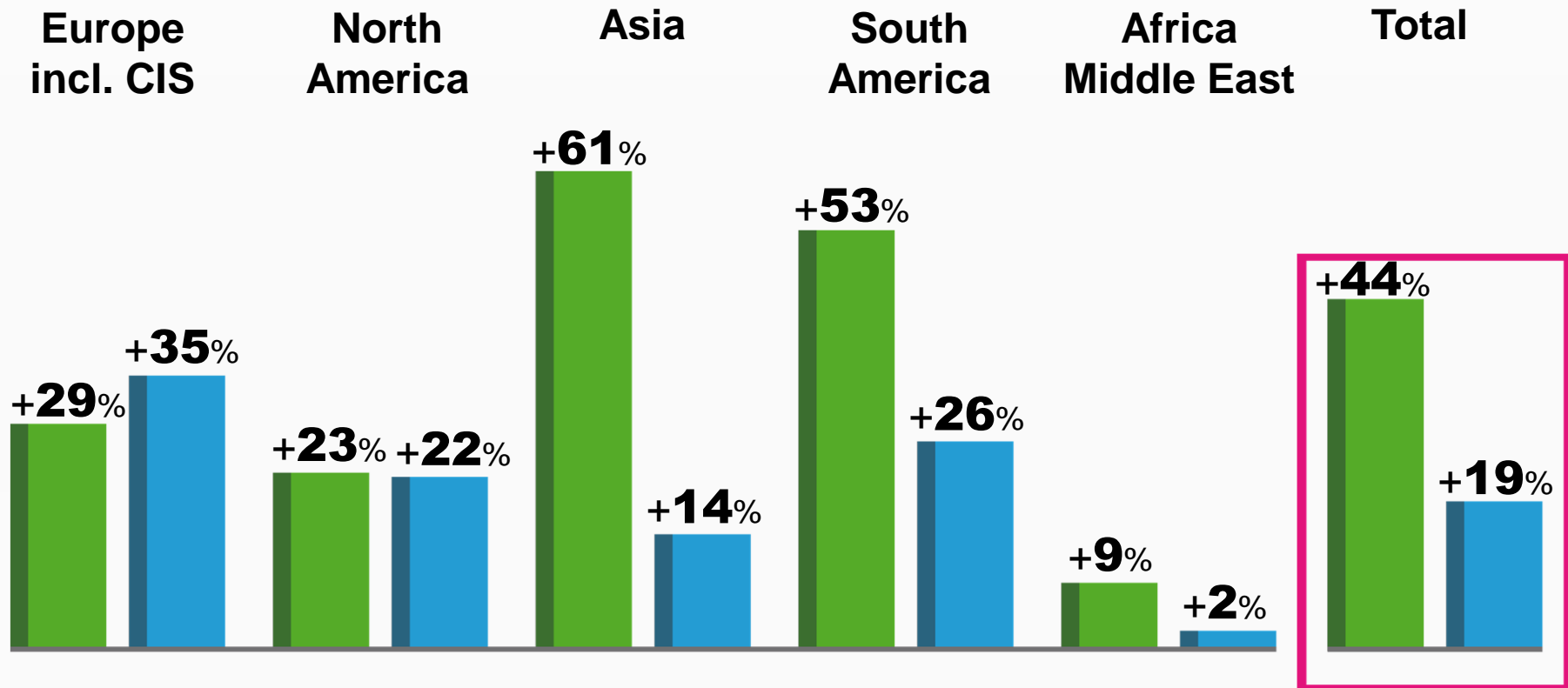


Source: US Department of Transportation / Federal Highway Administration



Sharp upturn in Truck markets off of low prior-year comparatives

Markets at June 30
2010 / 2009



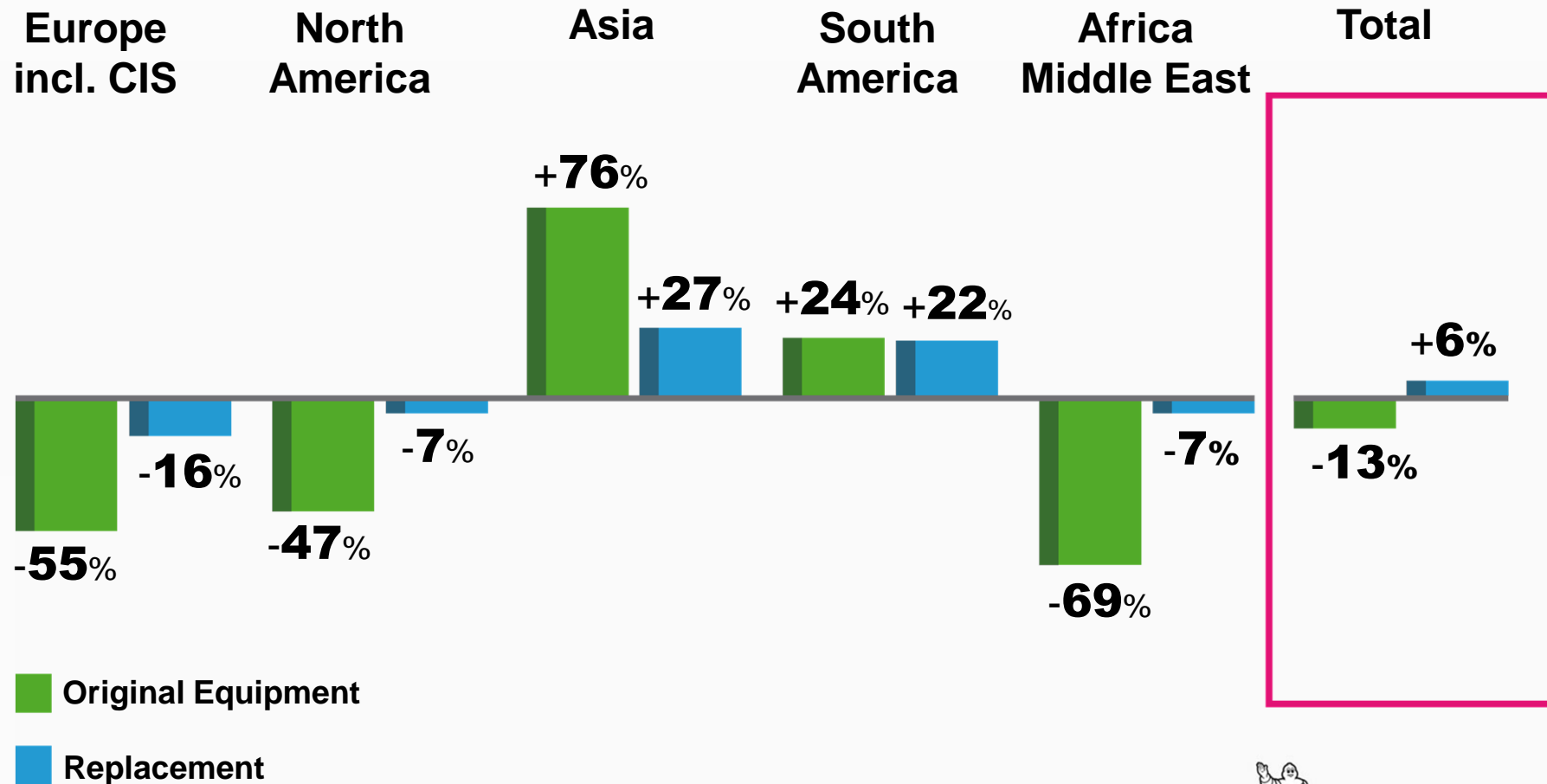
Original Equipment

Replacement



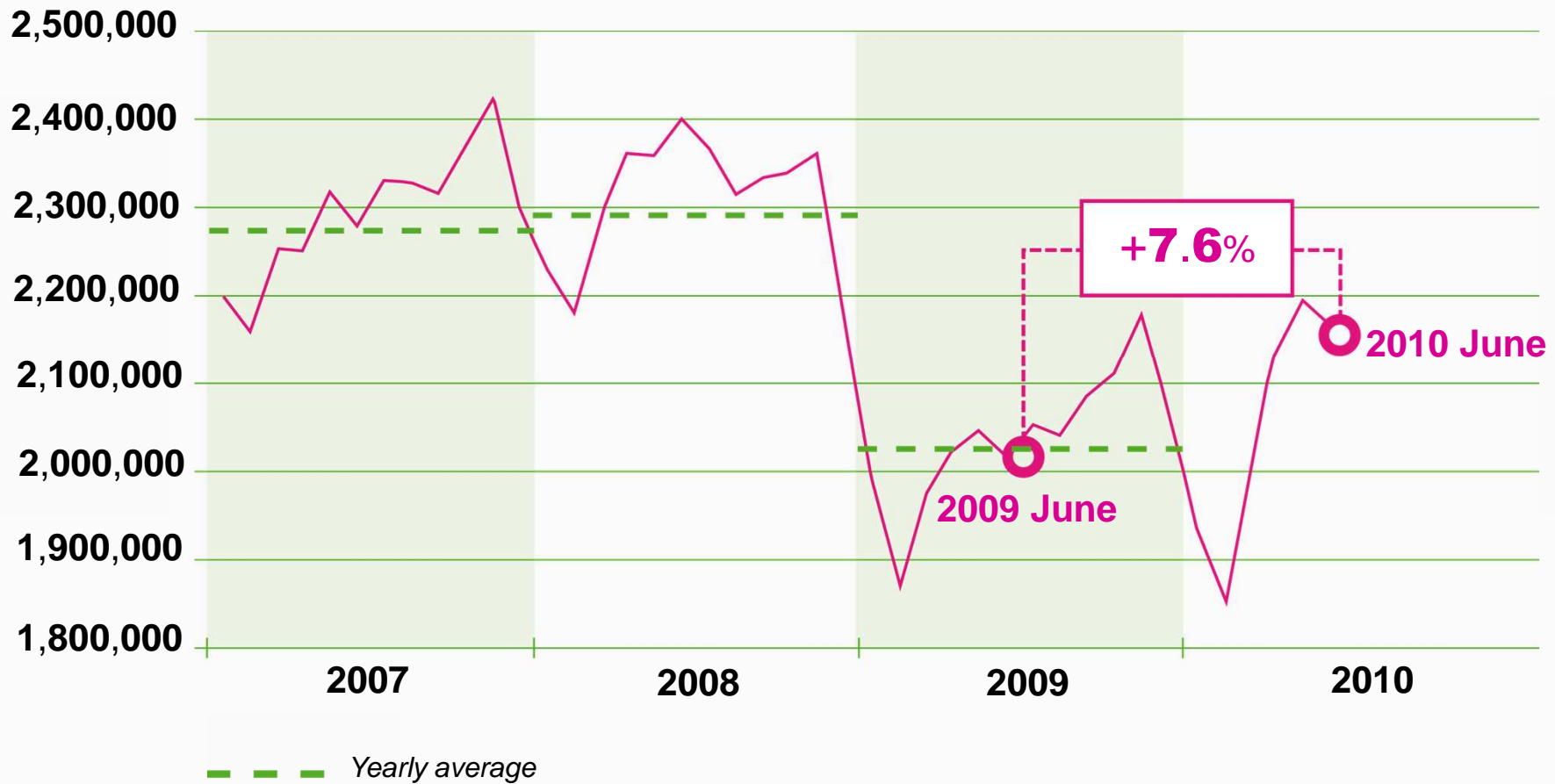
Truck tire markets, 2010 vs. 2007: mature markets below historical levels

Markets at June 30
2010 / 2007



Upturn in the German freight market, which still lags 2007-2008 levels

KILOMETERS DRIVEN IN GERMANY ('000s)
 (Moving 3-Month – Toll-Committed Trucks > 15 tons)

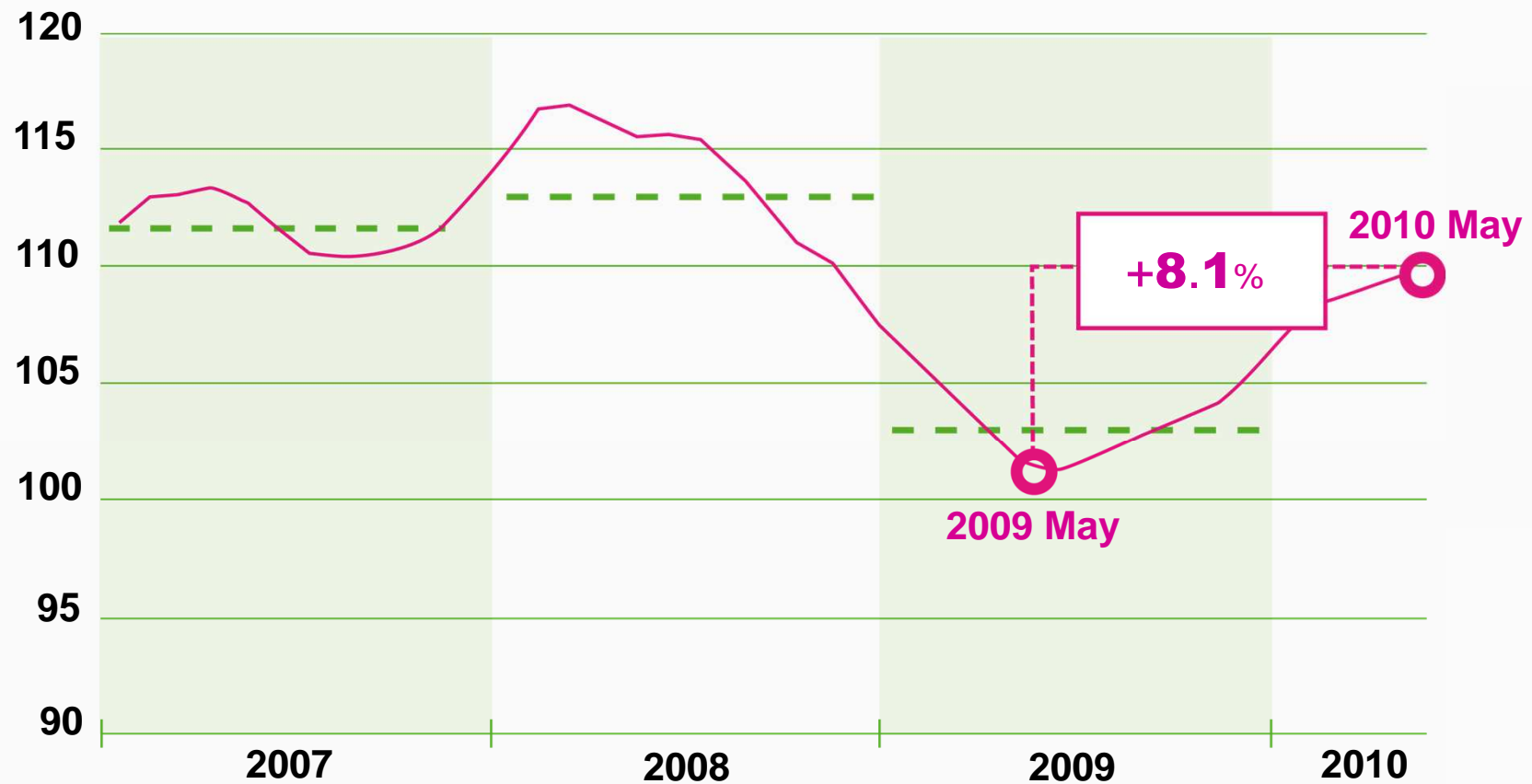


Source: Bundesamt für Güterverkehr



US freight tonnage is rising

TRUCK TONNAGE IN THE UNITED STATES (MOVING 3-MONTH)
Base 100 in 2000



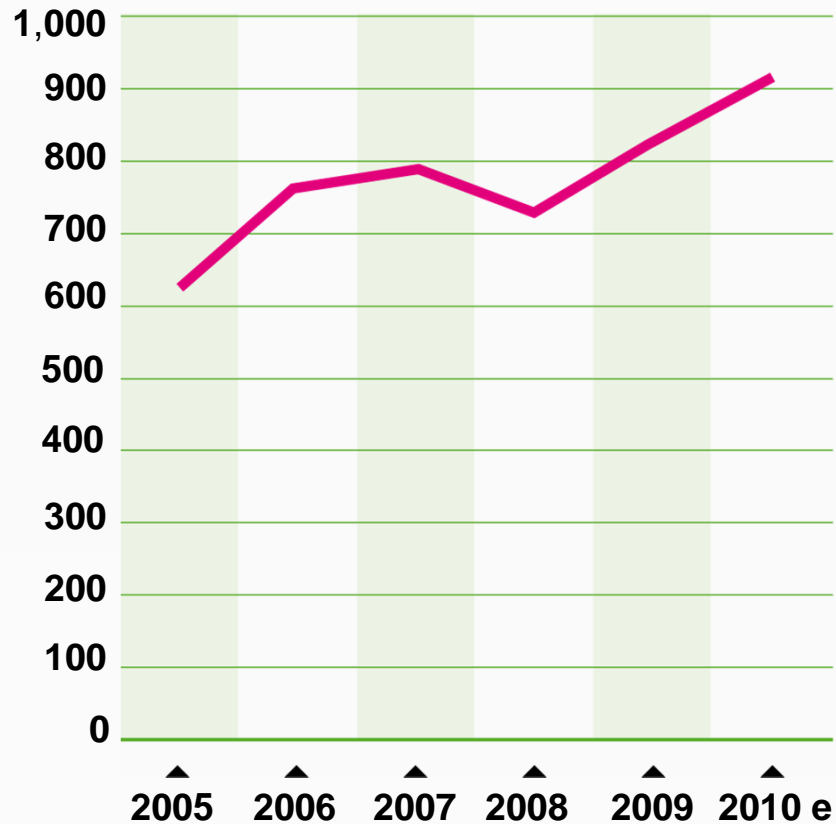
Source: US Department of Transportation / Federal Highway Administration



Earthmover tires: strong demand for ore

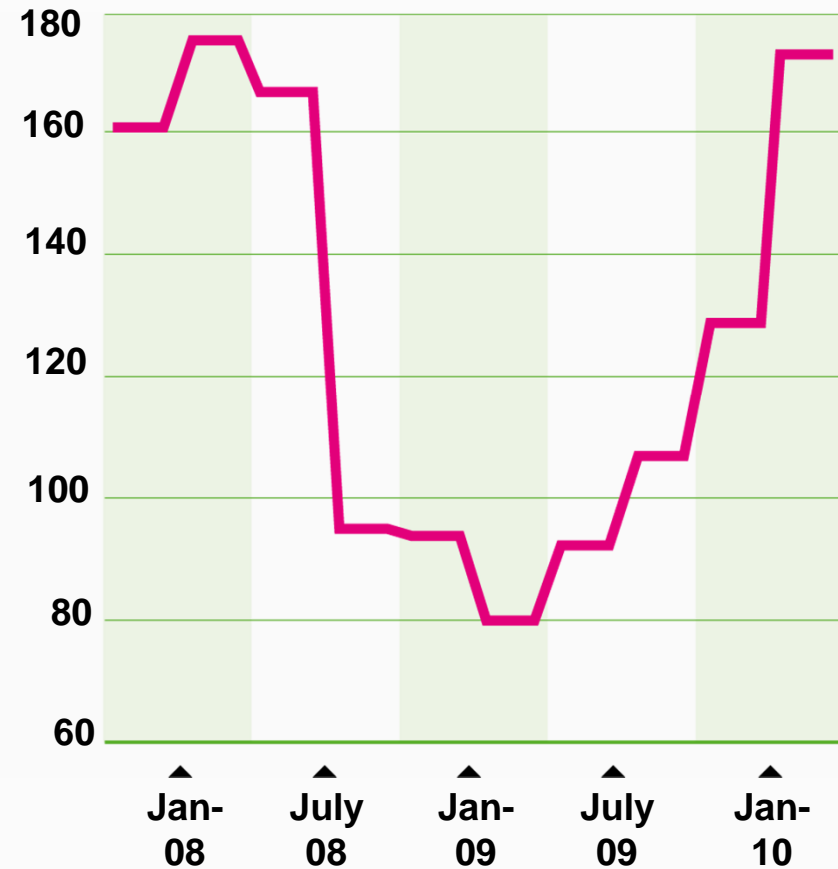
OIL SANDS PRODUCTION FORECAST

Raw Bitumen
(Thousand barrels per day)



Source: Canadian Association of Petroleum Producers

IRON ORE PRICES (USD / Dry Metric Ton)

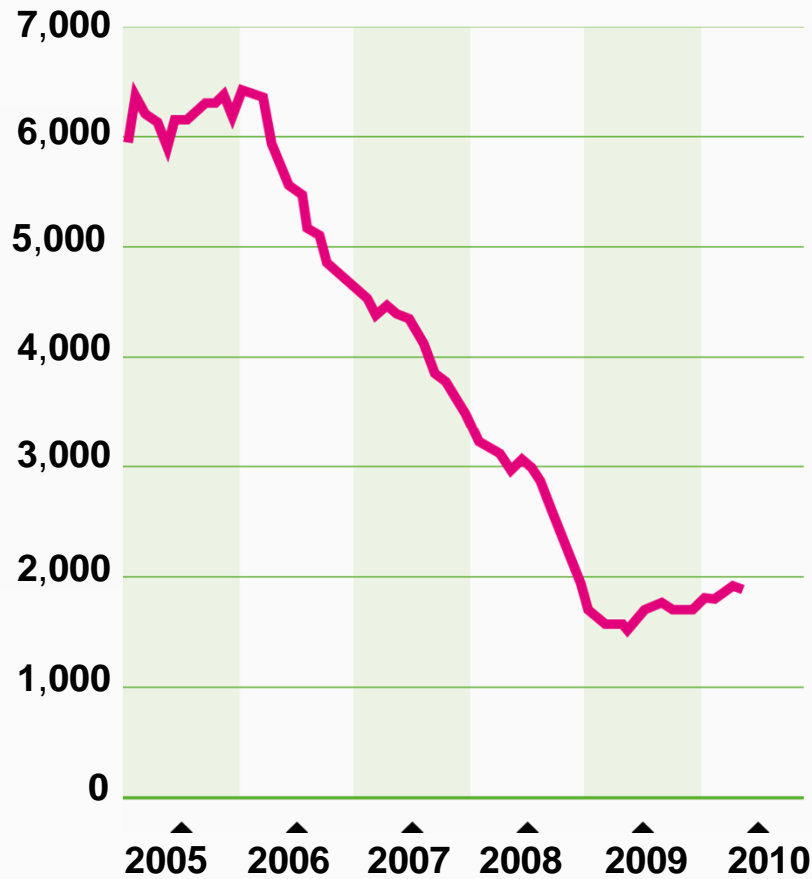


Source: SBB



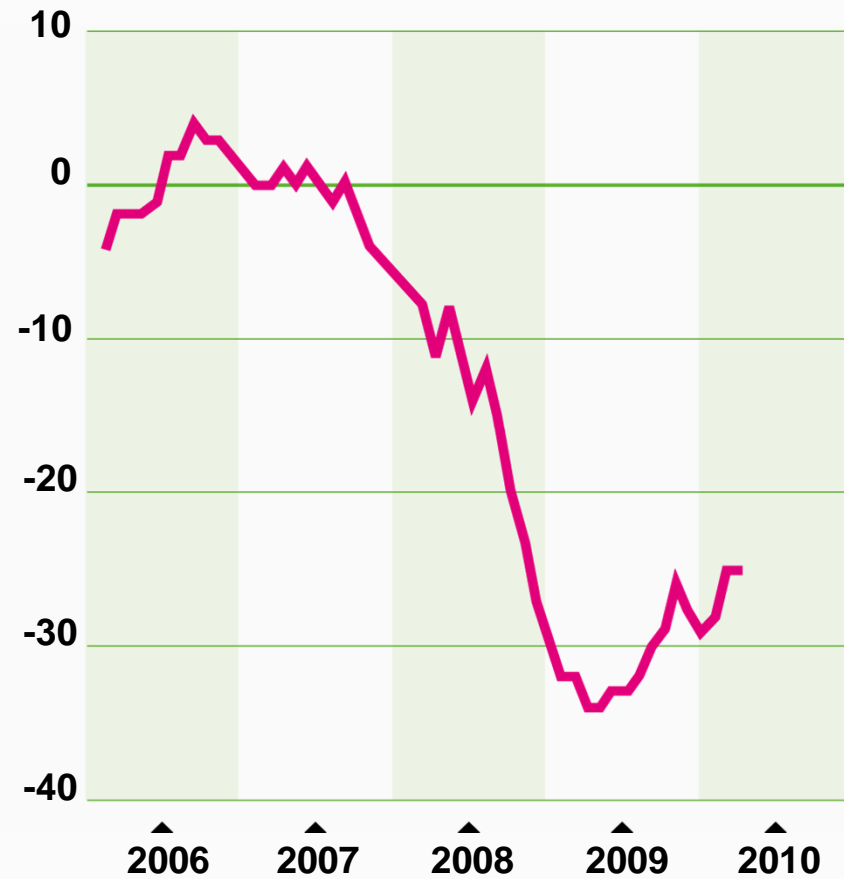
Infrastructure: recovery in North America and weakness in Europe

US HOUSING STARTS
(Thousand of units – moving 3-month)



Source: <http://www.census.gov>

EURO ZONE CONSTRUCTION CONFIDENCE INDEX

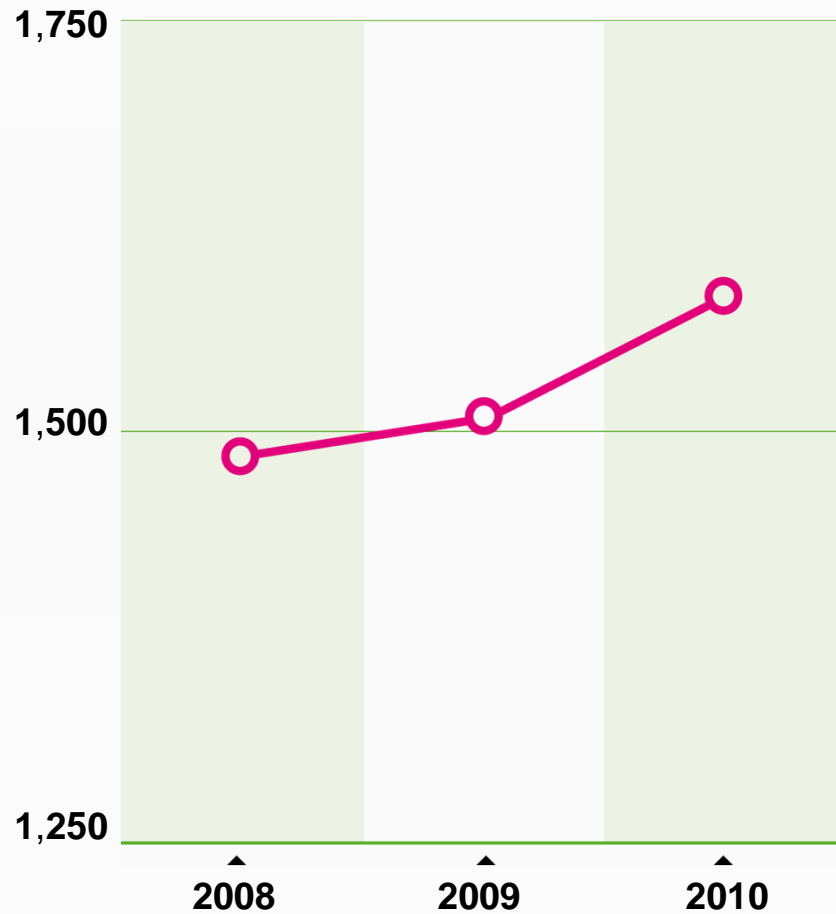


Source: Eurostat



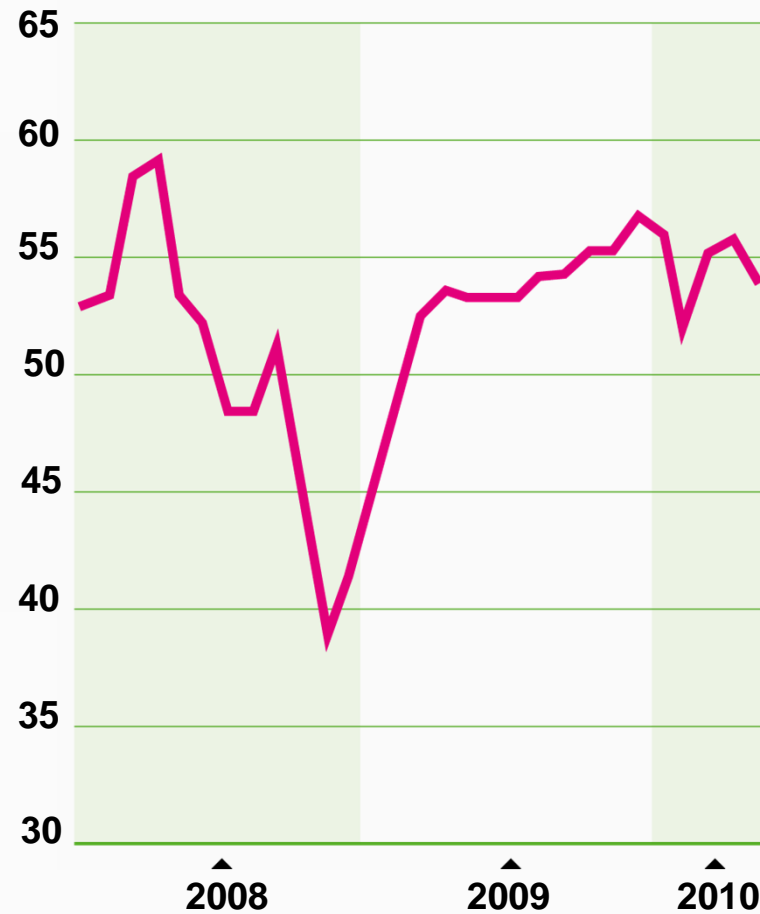
Firm resilience in Asian infrastructure markets

ASIA: CONSTRUCTION COSTS
(in € billions)



Source: IHS Global Insight

CHINA PURCHASING MANAGERS' INDEX
(PMI For China Manufacturing Sector)



Source: ISM

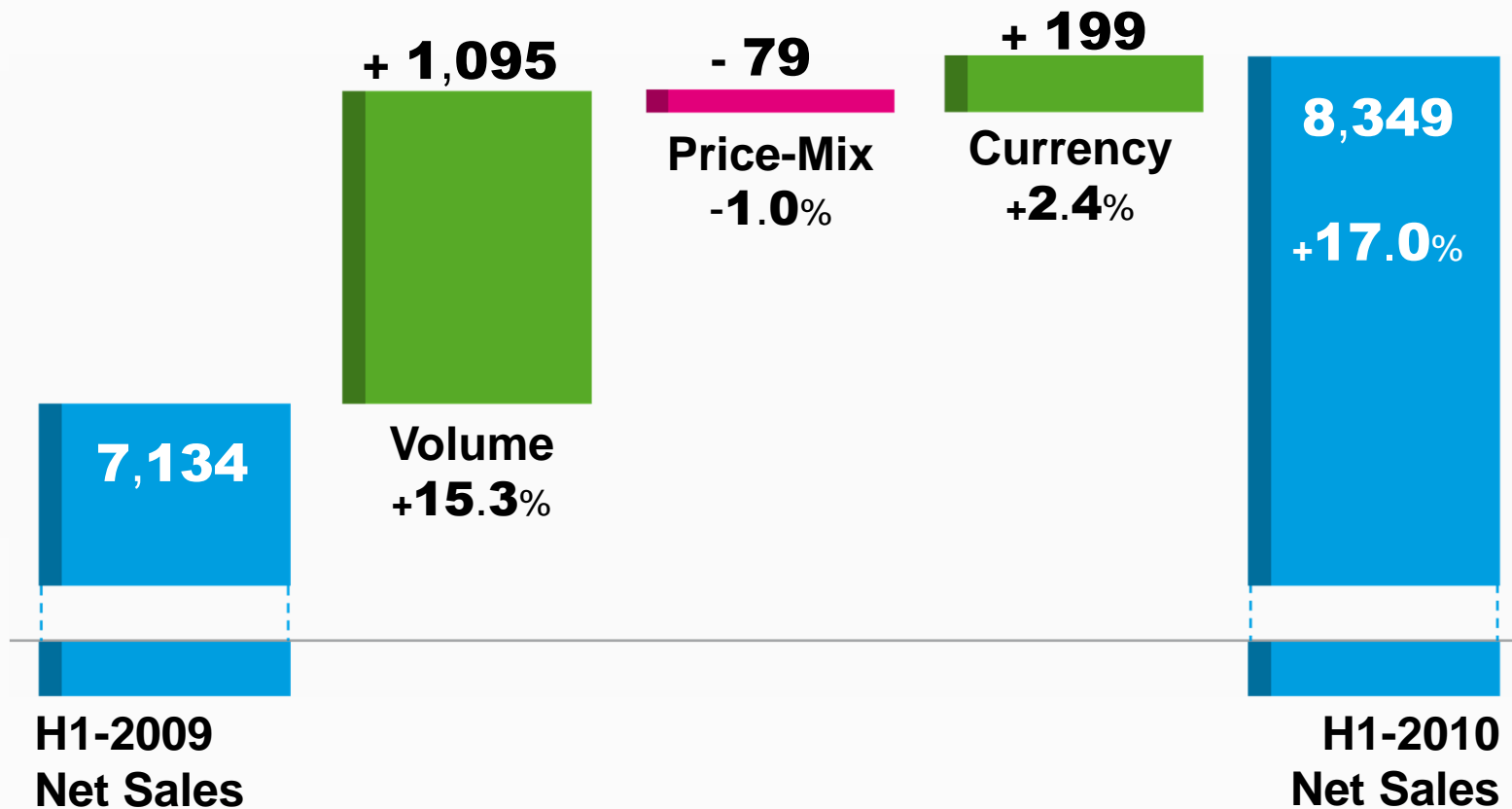


Historically high Performance



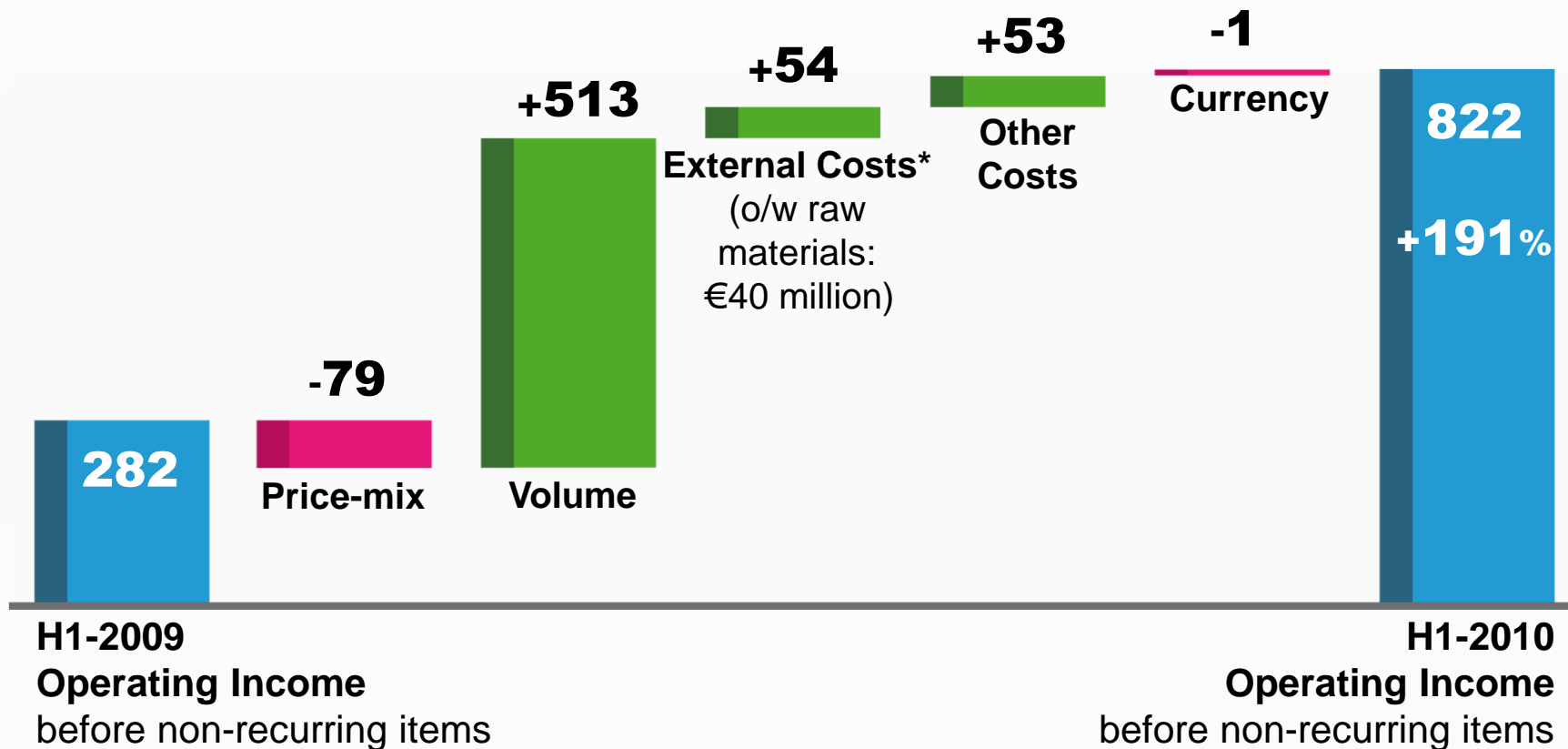
Growth in net sales led by volumes

YoY CHANGE IN € MILLIONS AS A % OF NET SALES



Historically high operating income

YOY CHANGE IN € MILLIONS

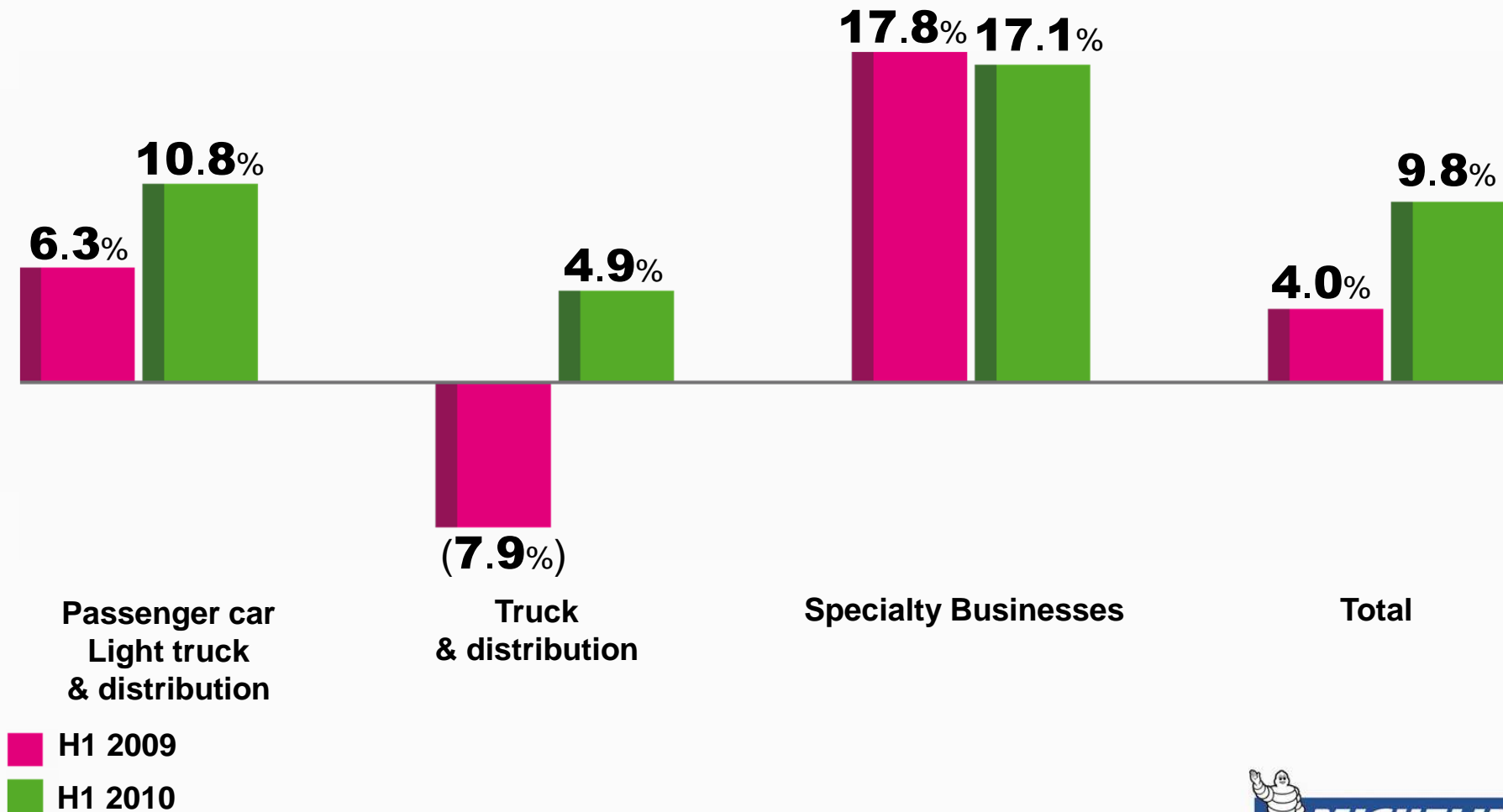


*External costs: raw materials, logistics at constant exchange rates



Every business contributed to operating margin

OPERATING MARGIN BEFORE NON-RECURRING ITEMS - AS A % OF NET SALES



Clear improvement in operating performance

PASSENGER CAR & LIGHT TRUCK

H1 2010
(in € millions)

H1 2009
(in € millions)

Net Sales

4,621

3,949

Operating Income
(before non-recurring items)

497

247

Operating Margin
(before non-recurring items)

10.8%

+6.3%



Rebound in performance, led by volumes

TRUCK	H1 2010 <i>(in € millions)</i>	H1 2009 <i>(in € millions)</i>
Net Sales	2,566	2,071
Operating Income <i>(before non-recurring items)</i>	126	(163)
Operating Margin <i>(before non-recurring items)</i>	4.9%	(7.9%)



Structurally high operating income

SPECIALTY BUSINESSES

H1 2010
(in € millions)

H1 2009
(in € millions)

Net Sales

1,162

1,114

Operating Income
(before non-recurring items)

199

198

Operating Margin
(before non-recurring items)

17.1%

17.8%



No non-recurring items and net income for the period

In € millions	H1 2010	H1 2009
Net Sales	8,349	7,134
Operating Income (before non-recurring items) % of Net Sales	822 9.8%	282 4.0%
Non-Recurring Items	-	(292)
Operating Income	822	(10)
Cost of Net Debt Other Financial Income and Expenses	(132)	(138)
Tax	(199)	23
Share of Profit from Associates	13	3
Net Income (Loss)	504	(122)



Still Solid Financial Structure



Free cash flow close to breakeven

In € millions	H1 2010	H1 2009	H1-10 vs. H1-09
EBITDA* (before non-recurring items)	1,305	751	+554
Change in Inventory	(527)	580	-1,107
Change in Trade Receivables	(259)	(17)	-242
Change in Trade Payables	87	(490)	+577
Taxes and Interests Paid	(319)	(100)	-219
Change in Operating Provisions	(45)	(6)	-39
Other WCR	37	245	-208
CASH FLOW FROM OPERATIONS	279	963	-684
Gross Investments	(251)	(319)	+68
Other	(58)	(69)	+11
FREE CASH FLOW**	(30)	575	-605

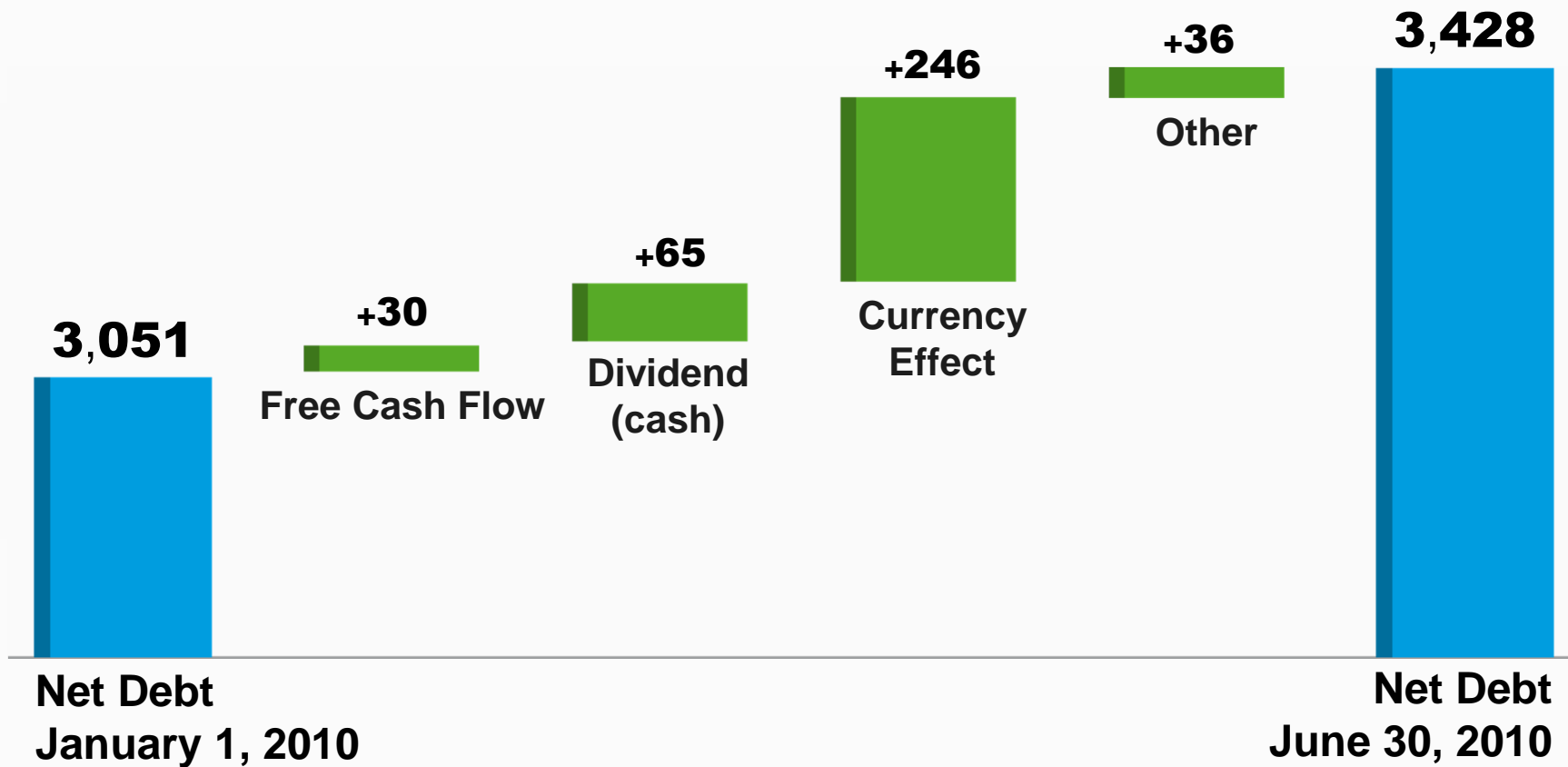
*EBITDA before non-recurring items: operating income excluding depreciation, amortization and impairment of PP&E and intangibles

**Free cash-flow: Cash flow from operations less gross capex and other



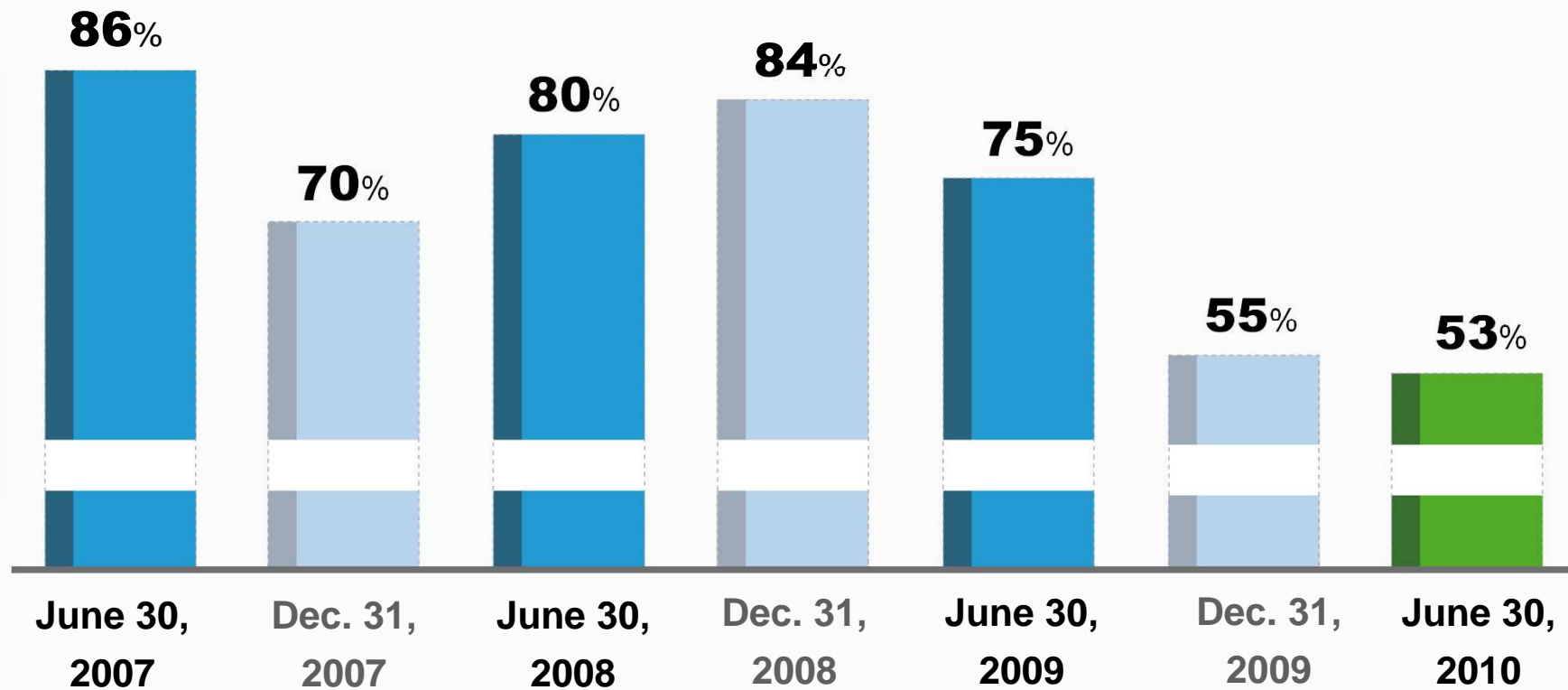
Net debt under control

IN € MILLIONS



Sound financial structure

GEARING NET DEBT / EQUITY RATIO



Outlook



Second-half environment

- Clear market rebound still underway
- Strength of economic recovery varies by geography
- Impact from higher raw materials prices
- Responsive pricing policies maintained



Responsive pricing policies maintained

	Passenger Car and Light Truck	Truck	Specialty tires
Europe	RT: Q2: +3-4% Sept / Q3: +3%	RT: April 1: +4%	OE EM / Mining / AG: H2: contractual increases
North America	RT: Feb 1: Depending on tire range June 1: up to 6%	RT: Feb 1: +3-7% May 1: +3%	EM RT: Feb 1: +4% Aug 1: +3% AG RT: Aug 1: +3.5% OE EM / Mining / AG: H2: contractual increases
Other	RT: Q2: up to 3-4% depending on the region	RT: Q2: up to 3-4% depending on the region	OE EM / Mining / AG: H2: contractual increases



2010 full-year objectives

- 10%-plus growth in sales volumes
- Close to 9% operating margin before non-recurring items
- Positive free cash flow
- €1 billion in capex
- Effective start-up of plant construction in fast-growing countries



Growth: 3 new plants

China

Passenger Car & Truck tire plant

Investment: €1,000 million

First tire: 2012

Brazil

Passenger Car tire plant

Investment: €750 million

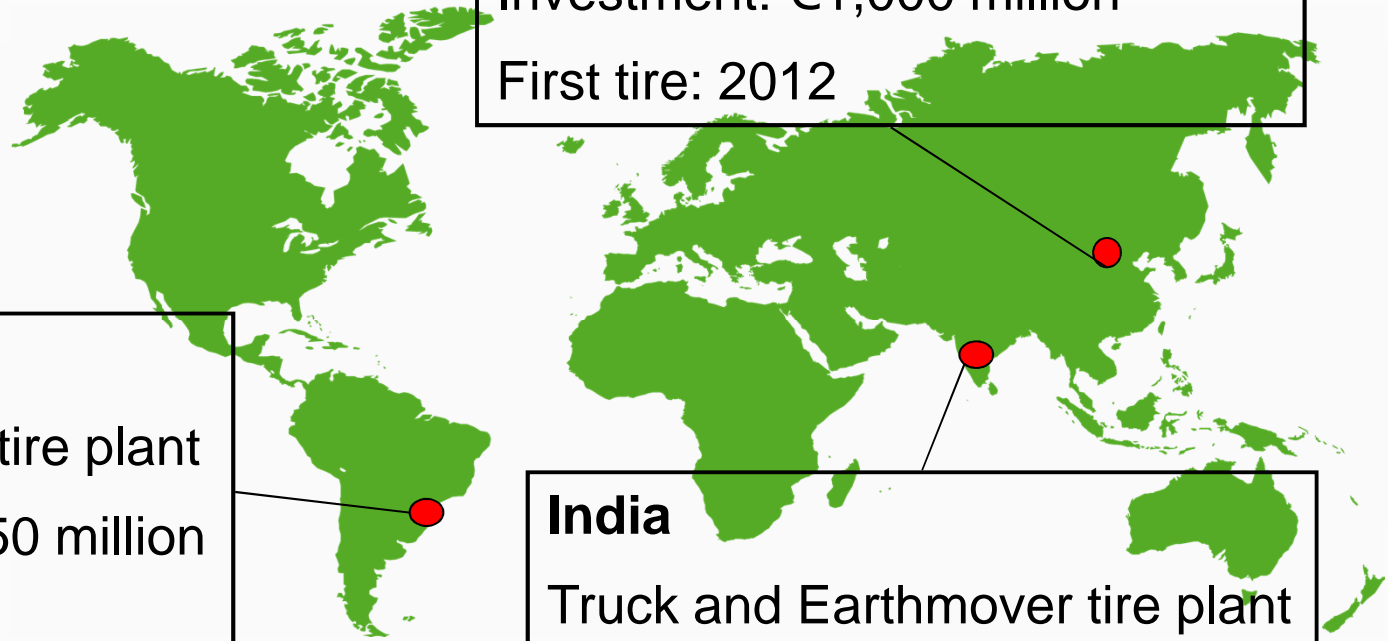
First tire: 2012

India

Truck and Earthmover tire plant

Investment: €1,000 million

First tire: 2012



Brazil, India and China: new steps

Summer 2010



June 2010



July 2010



The value of the MICHELIN brand!



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