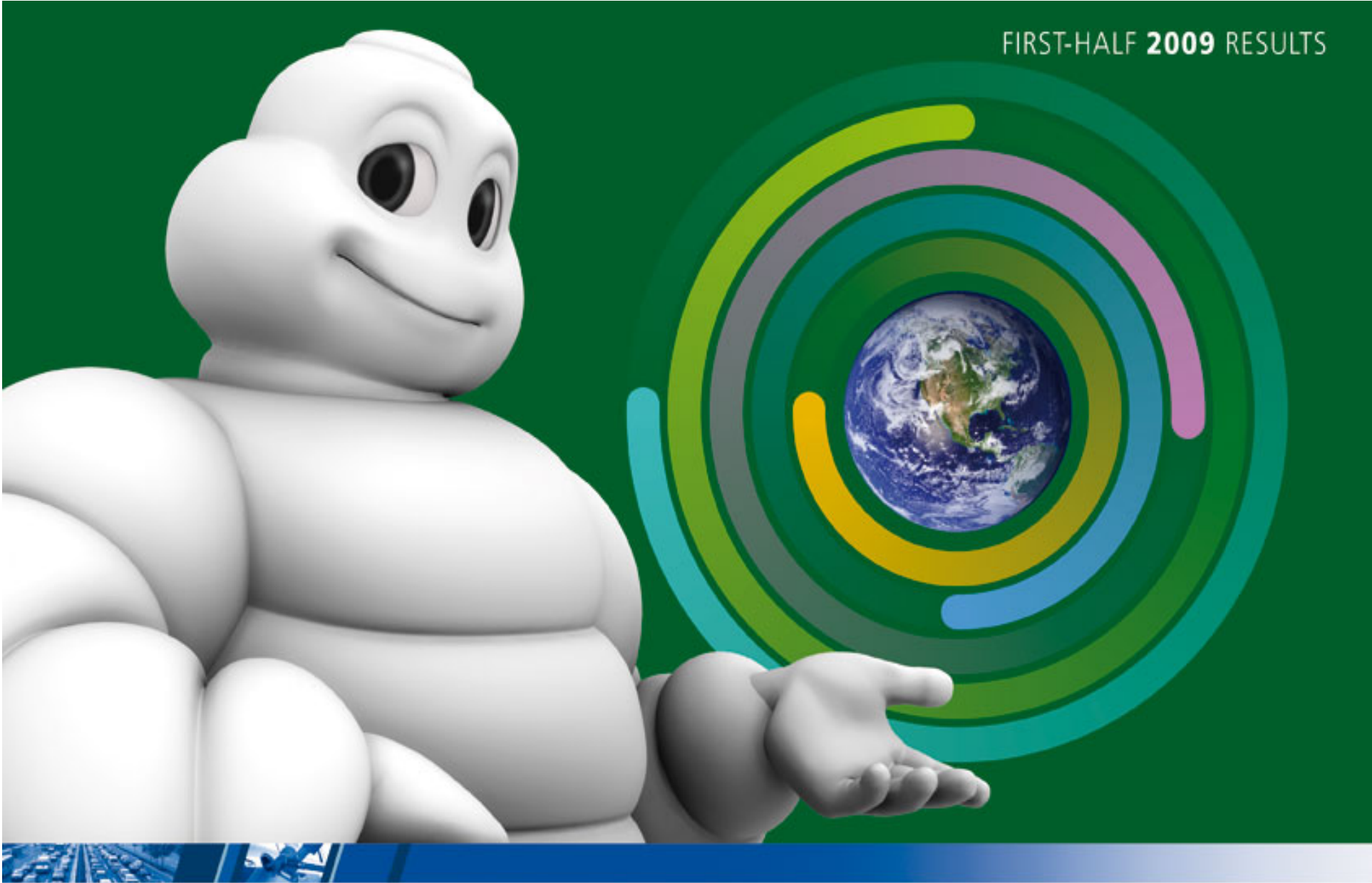


FIRST-HALF 2009 RESULTS





# First-Half 2009 Financial Highlights

|  |         | <i>% Change YoY</i>                      |
|--|---------|--|
| <b>Net sales</b>                                       | €7,134m | -13.4%                                   |
| <b>Operating income<br/>before non-recurring items</b> | €282m   | -60.2%                                   |
| <b>Operating margin<br/>before non-recurring items</b> | 4.0%    | -4.6 pts                                 |
| <b>Net Loss</b>  | €(122)m | N/M*                                     |
| <b>Net debt-to-equity ratio</b>                        | 75%     | 9 pts improvement<br>(vs. Dec. 31, 2008) |
| <b>Free cash flow**</b>                                | €+575m  | €+1,020m                                 |

\*Non meaningful

\*\*Cash-flow from operating activities less cash flow from investing activities





1. Withstanding the steep decline in demand

2. Maintaining Group profitability

3. Focusing on key business and financial metrics

4. Increasing sales in growth regions

5. Improving competitiveness

6. Differentiating products and services





# Sharp Drop in World Markets

## Passenger Car/Light Truck

Markets at June 30, 2009  
% change YoY

|                       | Europe<br>with CIS | North<br>America | Asia  | South<br>America | Africa<br>Middle East | Total |
|-----------------------|--------------------|------------------|-------|------------------|-----------------------|-------|
| Original<br>Equipment | -33.1              | -51.0            | -17.3 | -20.7            | -25.0                 | -29.1 |
| Replacement           | -12.1*             | -10.7            | -4.6  | -7.4             | -5.2                  | -9.4  |

\*Europe excluding CIS: -6.5%

## Truck (radial market)

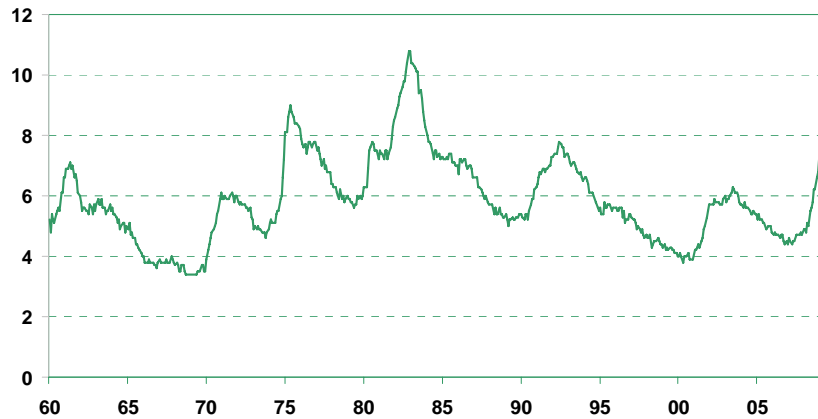
|                       | Europe<br>with CIS | North<br>America | Asia  | South<br>America | Africa<br>Middle East | Total |
|-----------------------|--------------------|------------------|-------|------------------|-----------------------|-------|
| Original<br>Equipment | -67.4              | -47.8            | -21.9 | -30.7            | -25.1                 | -44.5 |
| Replacement           | -31.4              | -18.2            | -12.0 | -22.3            | -7.1                  | -17.2 |





# US Economic Indicators Continued to Weaken in H1 2009

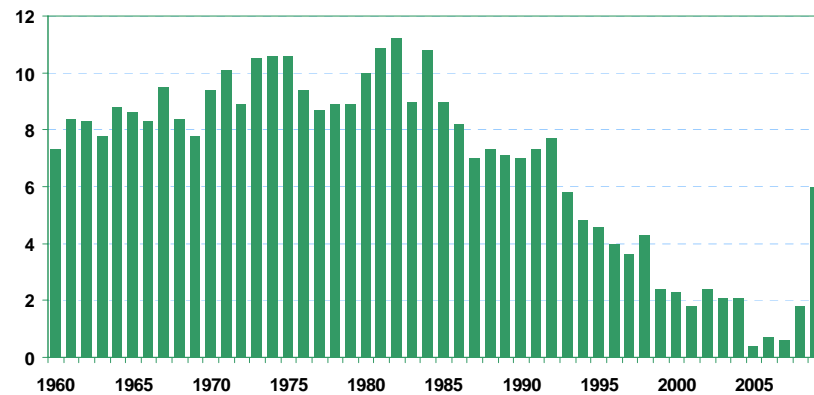
**Unemployment rate**  
(adjusted for seasonal fluctuations)



**Average hourly wage**  
(% change, YOY)



**Private savings rate**  
(as a % of disposable income)



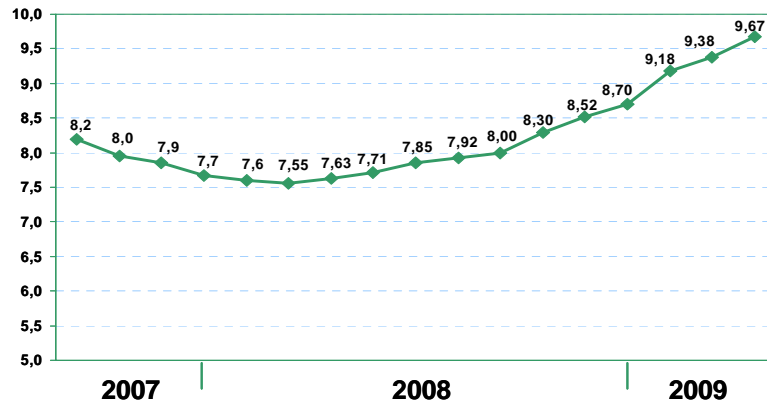
**Construction starts**  
(thousands, rolling 12 months)



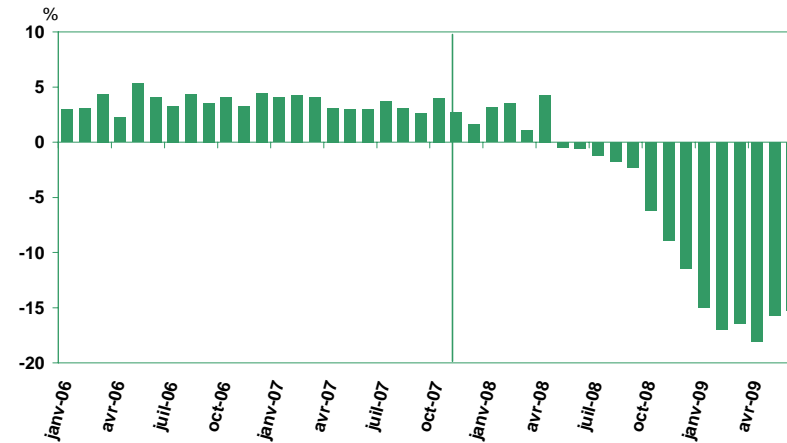


# Similar Macroeconomic Scenario in Europe

## Europe OECD Unemployment Rate

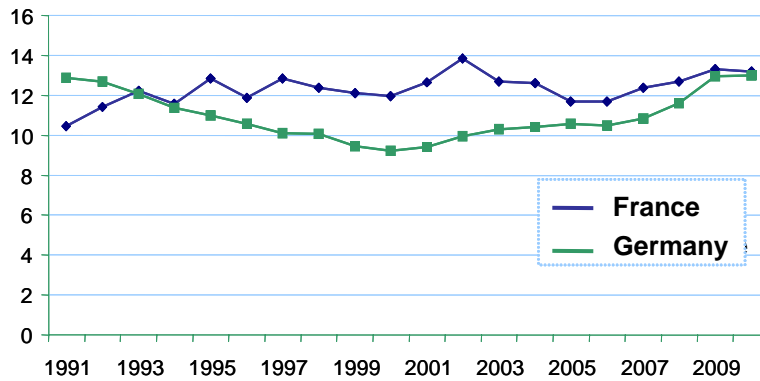


## Industrial Production

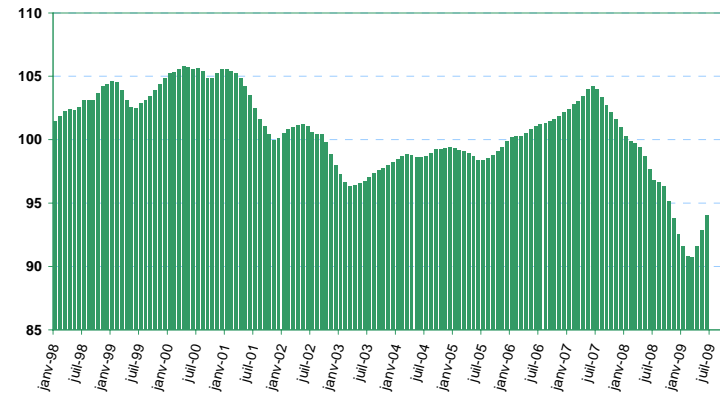


Source: Global Insight

## Private Savings Rate



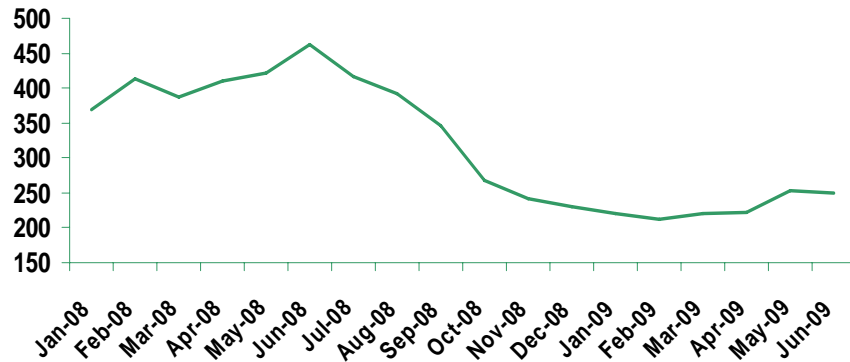
## Customer Satisfaction Index



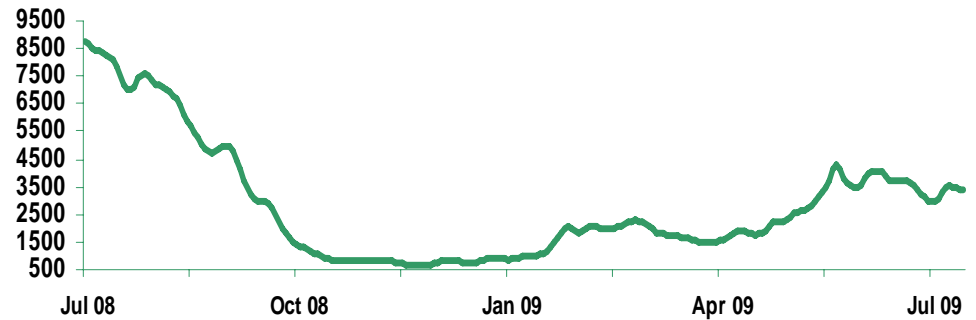


# Chinese Inventory Rebuilding Insufficient to Qualify as a True Global Economic Upturn

**Reuters/Jefferies-CRB Index\***

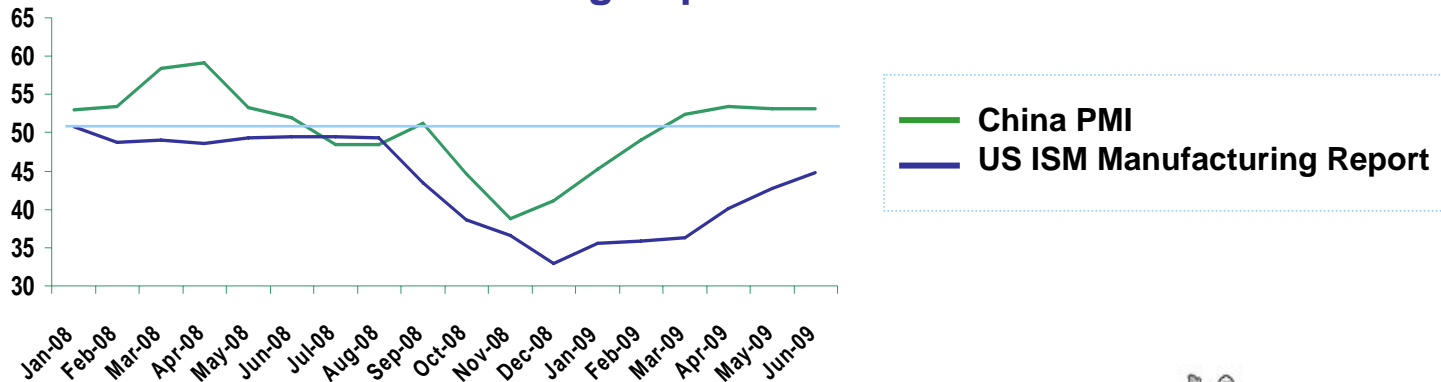


**Baltic Dry Index**



\*Raw Material Purchase Index

**China Purchase Manager Index (PMI) & ISM Manufacturing Report**





# Heavy Destocking in H1

## Europe

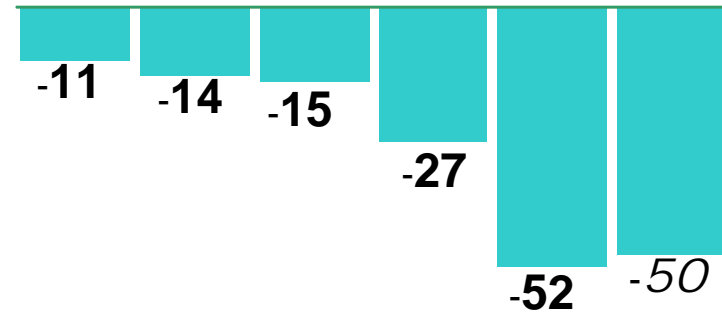
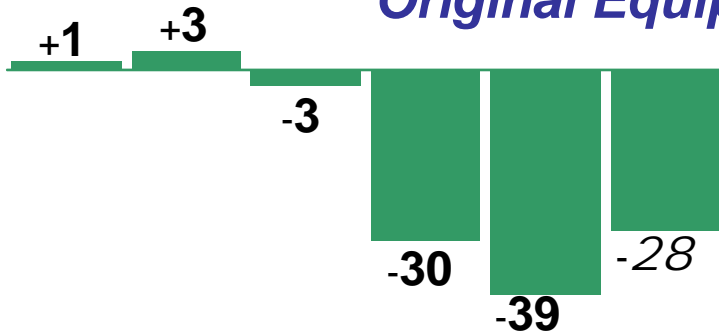
| Q1 08 | Q2 08 | Q3 08 | Q4 08 | Q1 09 | Q2 09 |
|-------|-------|-------|-------|-------|-------|
| +1    | +3    | -3    | -30   | -39   | -28   |



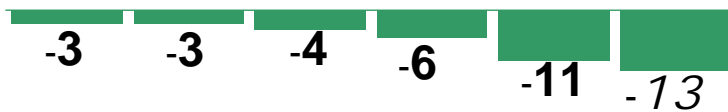
## North America

| Q1 08 | Q2 08 | Q3 08 | Q4 08 | Q1 09 | Q2 09 |
|-------|-------|-------|-------|-------|-------|
| -11   | -14   | -15   | -27   | -52   | -50   |

### Original Equipment Markets change in %



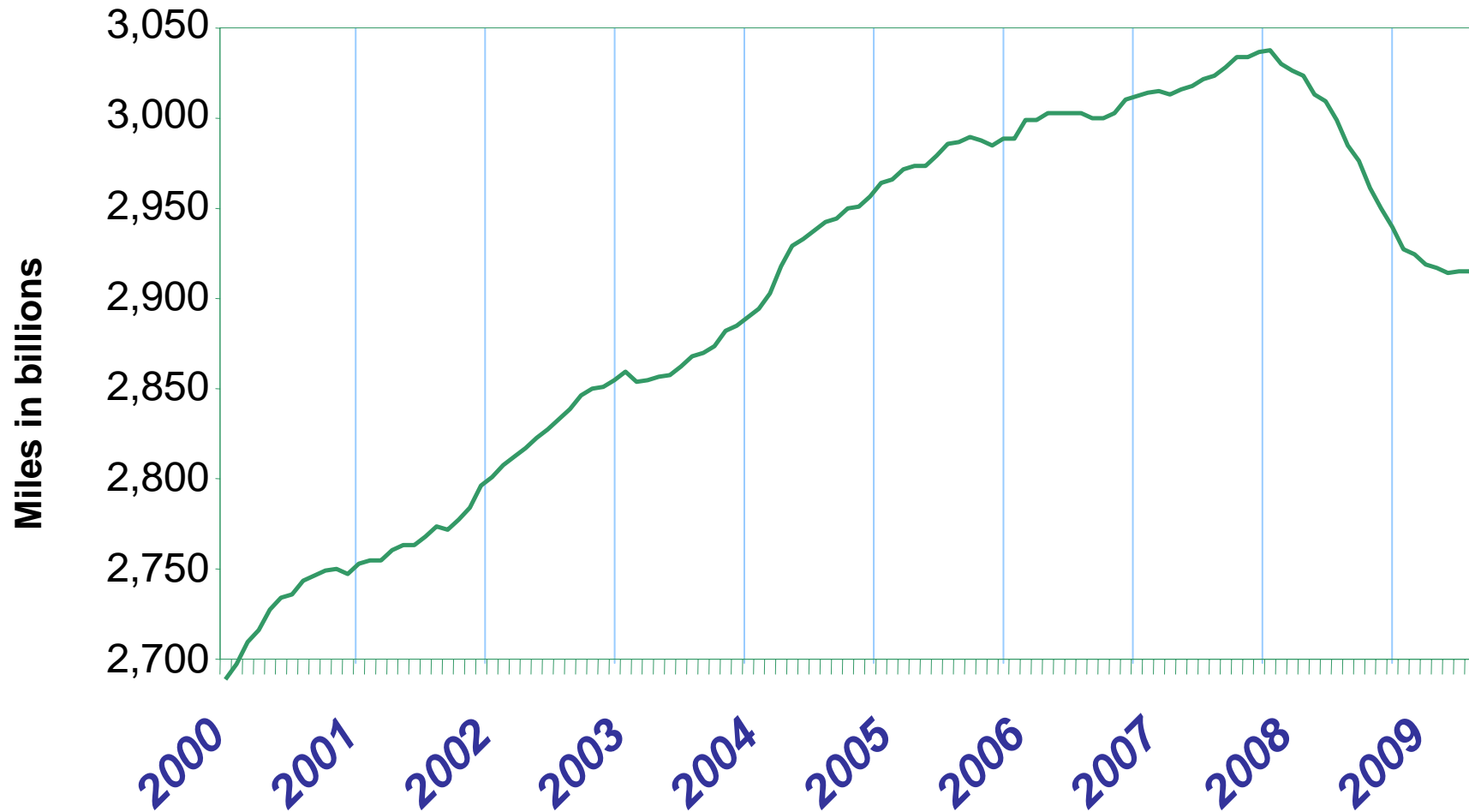
### Replacement Markets change in %







## Slight Improvement in US Vehicle Miles Traveled in April and May





# OE\* Markets tending to bottom out at very low level Huge Destocking in Replacement Markets

## Europe

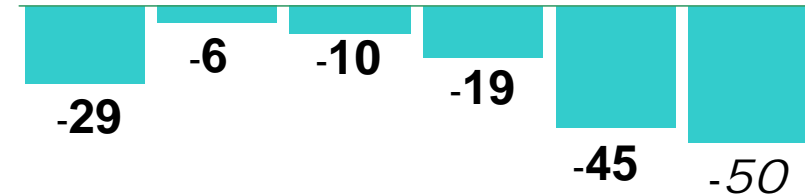
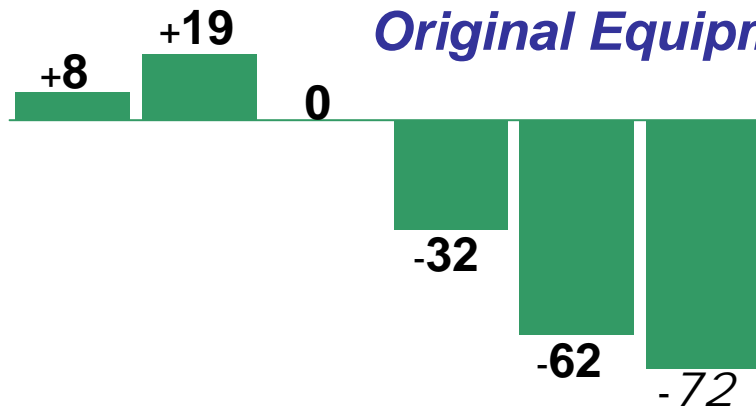
| Q1 08 | Q2 08 | Q3 08 | Q4 08 | Q1 09 | Q2 09 |
|-------|-------|-------|-------|-------|-------|
|-------|-------|-------|-------|-------|-------|



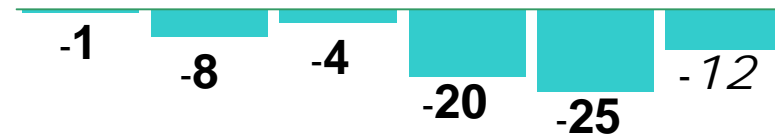
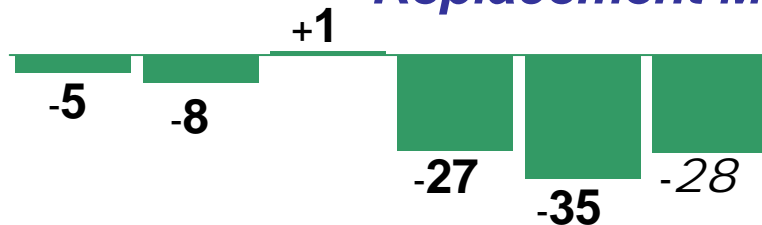
## North America

| Q1 08 | Q2 08 | Q3 08 | Q4 08 | Q1 09 | Q2 09 |
|-------|-------|-------|-------|-------|-------|
|-------|-------|-------|-------|-------|-------|

**Original Equipment Markets change in %**



**Replacement Markets change in %**



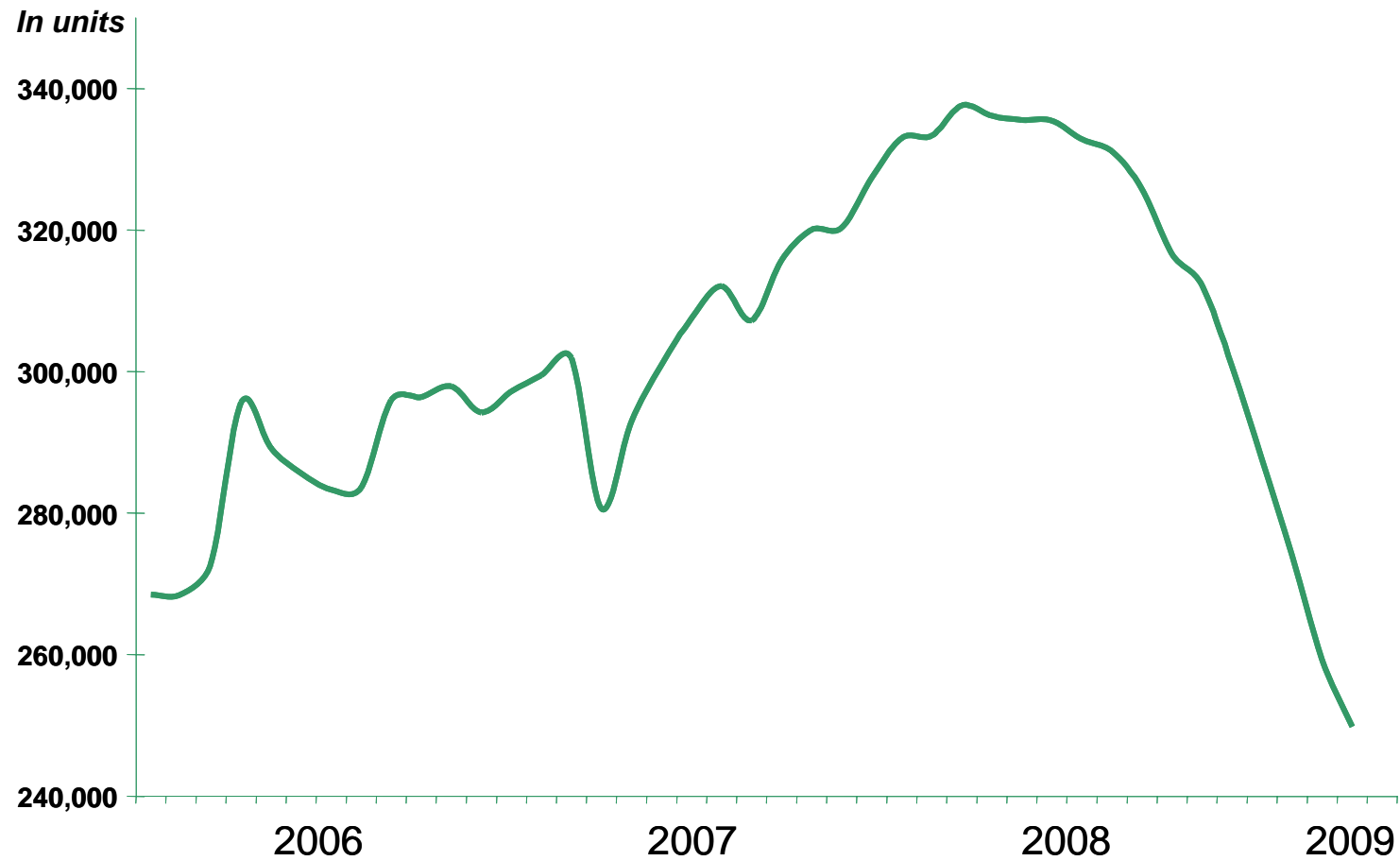
\* Original Equipment





# Steep Drop in Truck Registrations in Europe

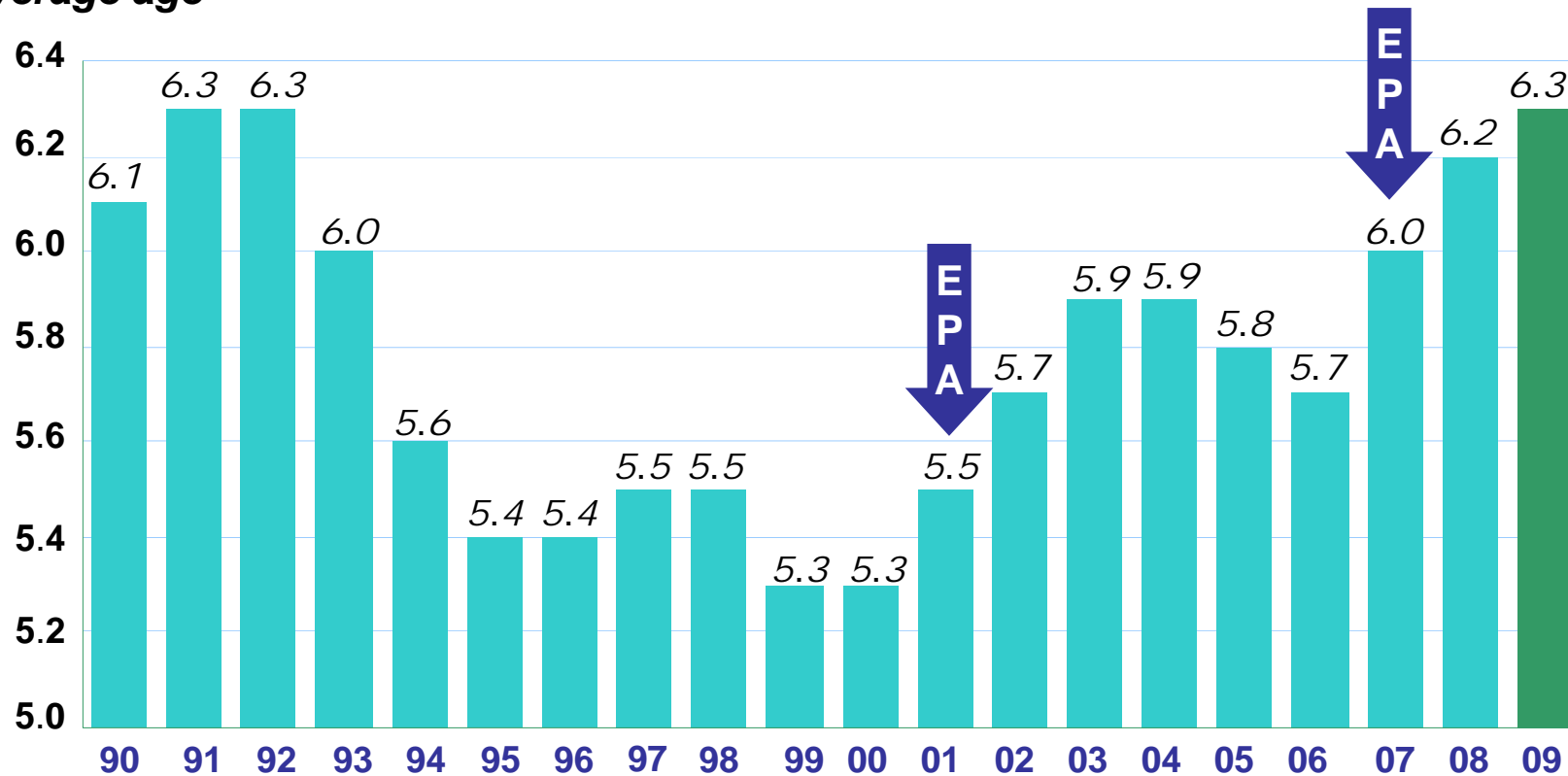
## Truck Registration Trends >16t in rolling 12 months





# Average US Truck Fleet Age at Historic High

Average age



 Environmental Protection Agency New Regulation

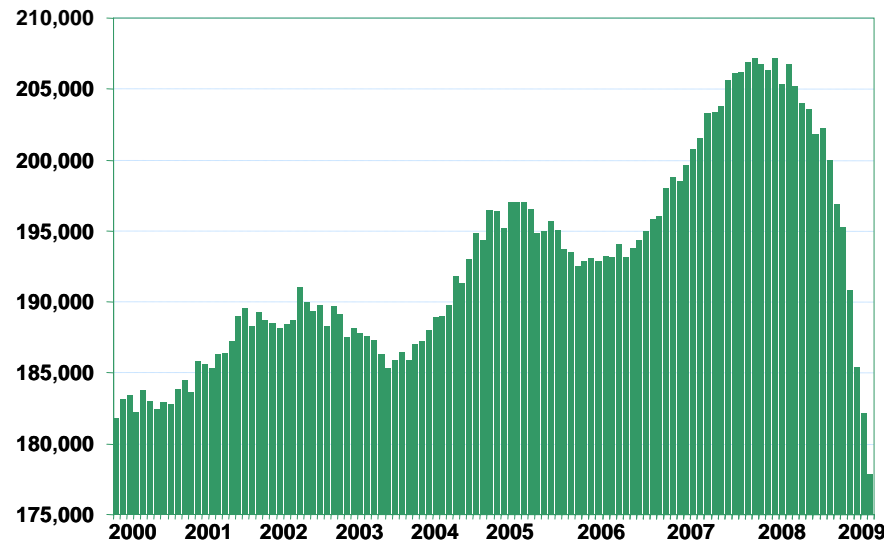




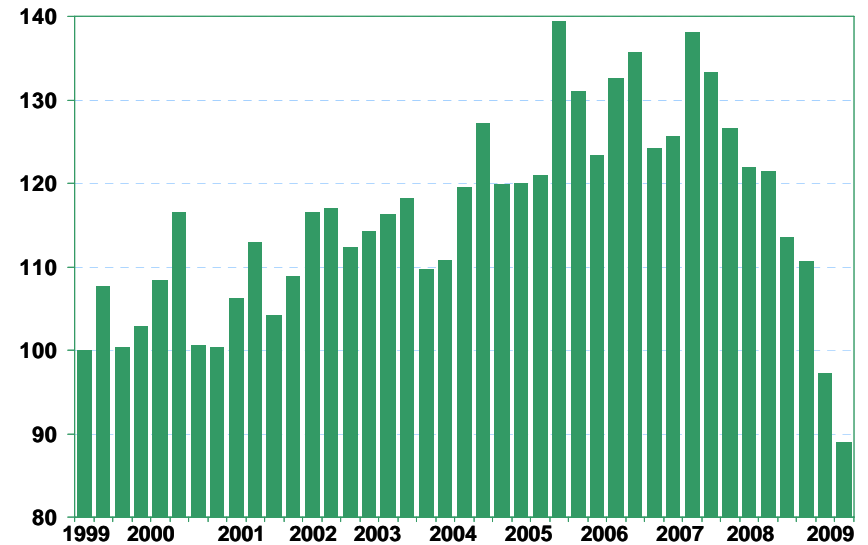
# Western Europe Freight Tonnage Down approx. 15% vs Q4 2008

## Monthly Truck Tonnage in France and Spain (as of May 31, 2009)

In France



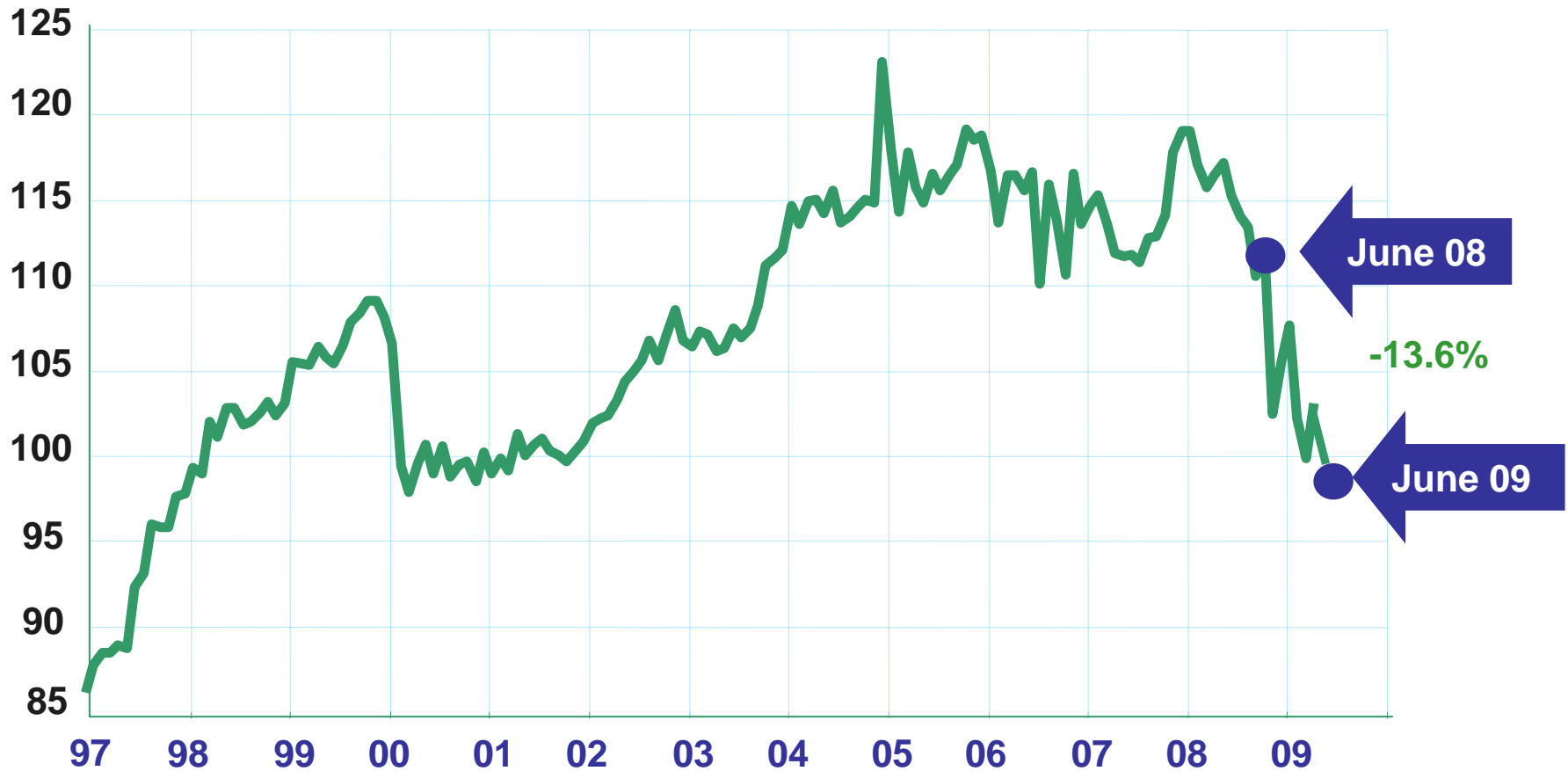
In Spain





# US Freight Tonnage Down 13.6% Since June 2008

## Truck Tonnage in the United States (as of June 30, 2009)



Source: ATA Truck Tonnage Index





1. Withstanding the steep decline in demand

2. Maintaining Group profitability

3. Focusing on key business and financial metrics

4. Increasing sales in growth regions

5. Improving competitiveness

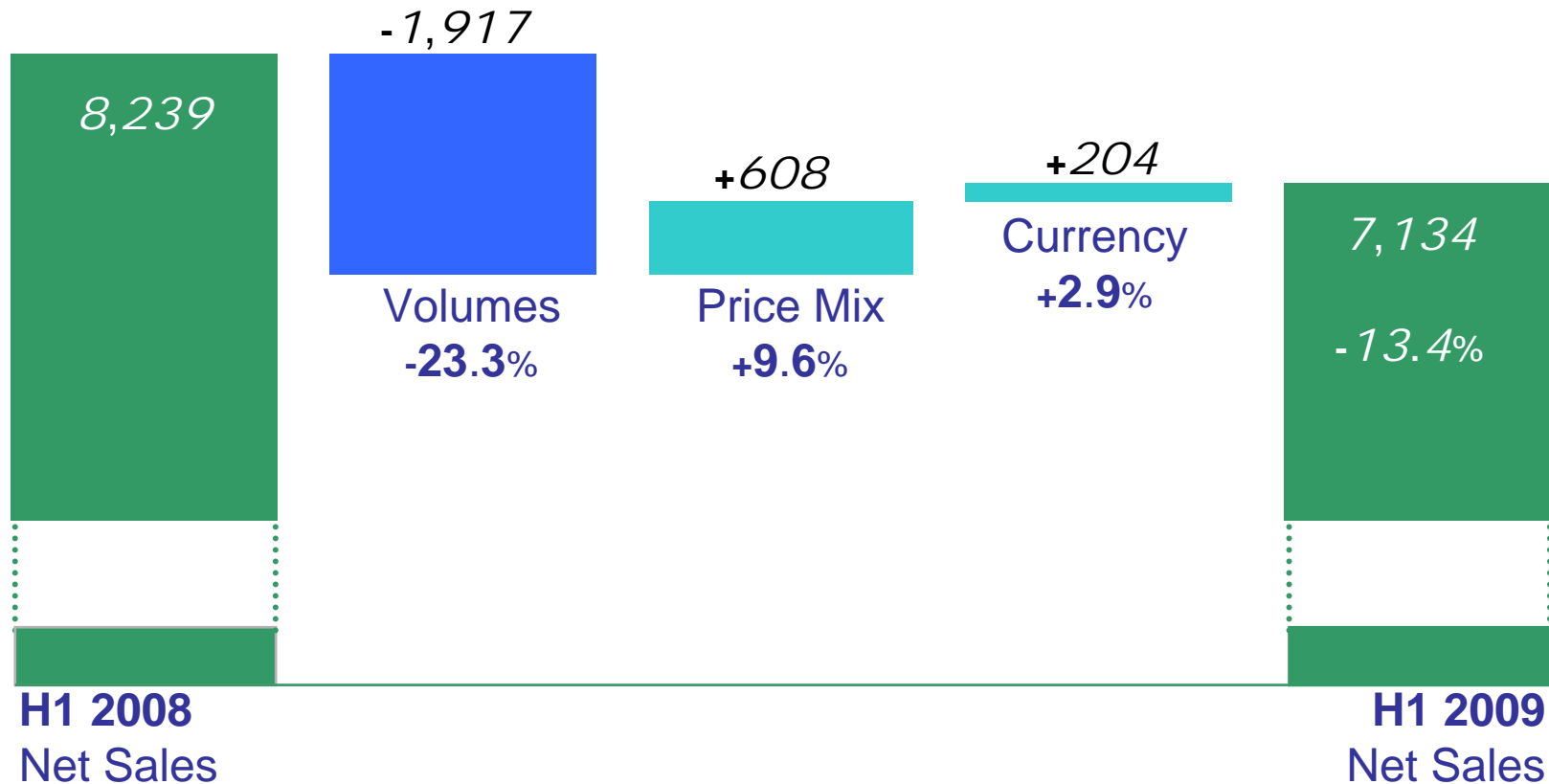
6. Differentiating products and services





# Net Sales Declined by 13.4% at Current Exchange Rates

YoY change (in €millions) as a % of net sales

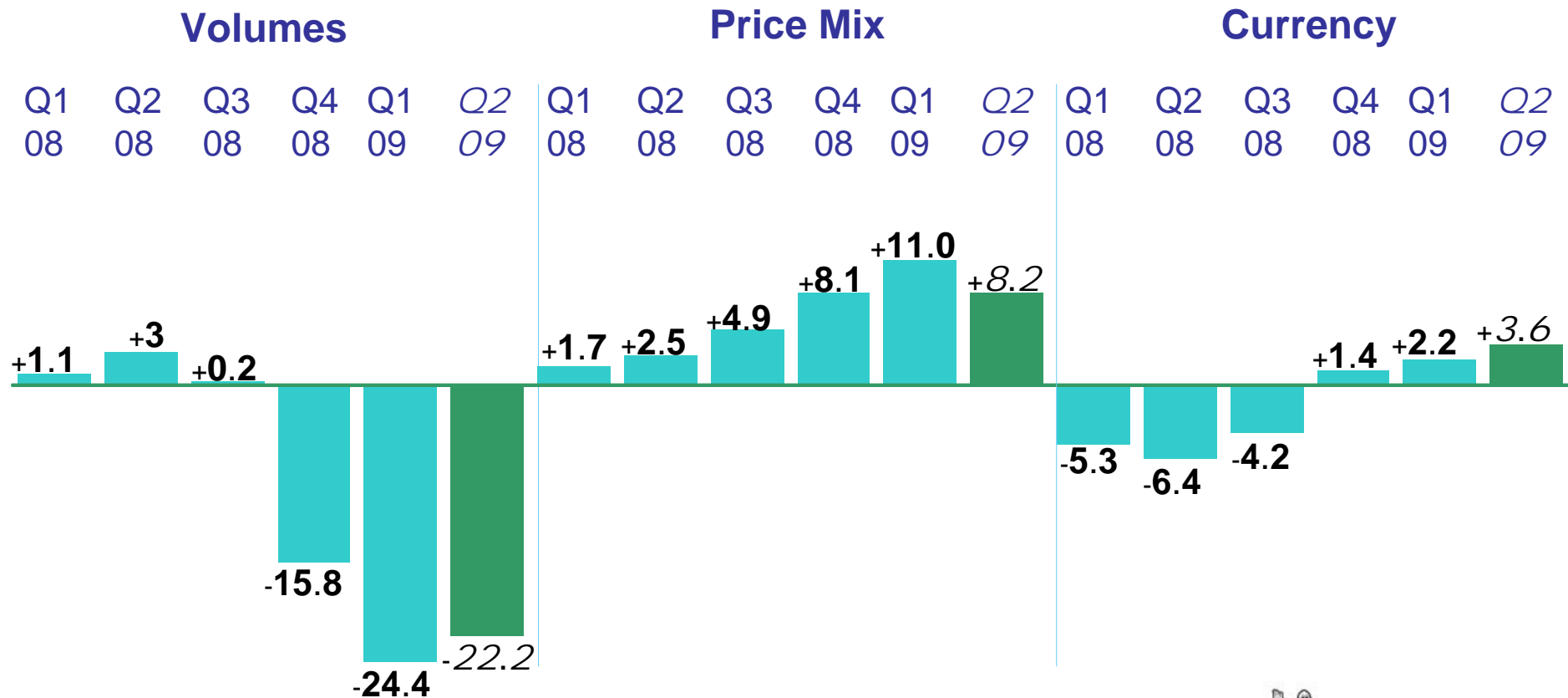






# Sharp Drop in H1 Volumes Price Mix Steady

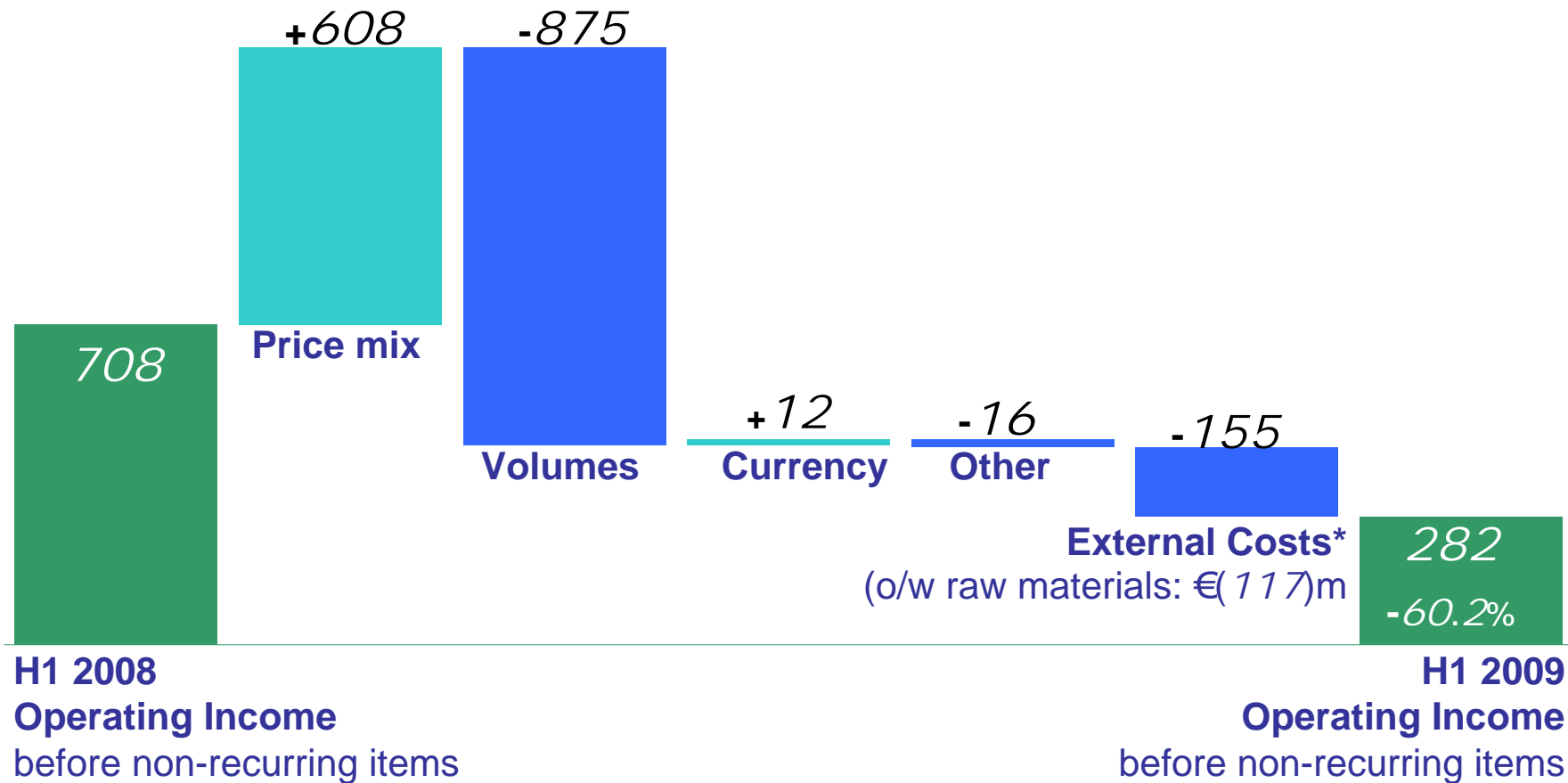
YoY change in %





# Operating Income: Sharp Drop in Volumes Partly Offset by the Price Mix

YoY in €millions, as a % of sales



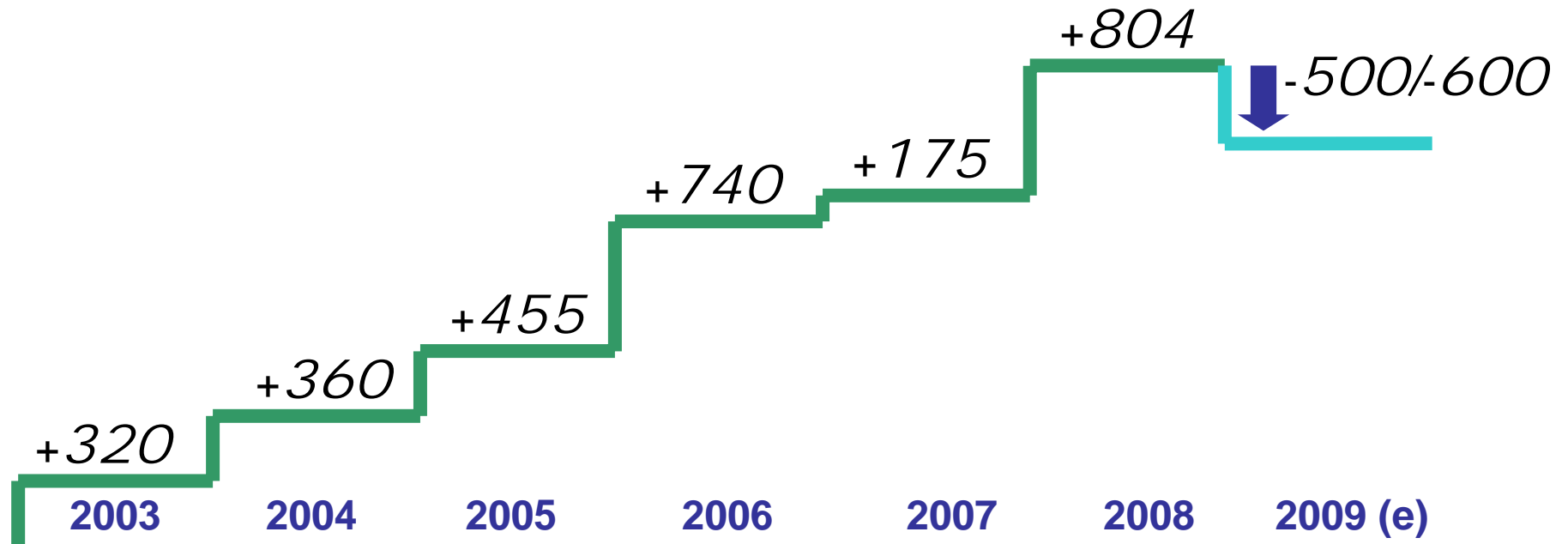
\*External costs: raw materials, energy, logistics at constant exchange rates





# Raw Materials Costs Down €-500/-600M in 2009 After Six Years of Increases

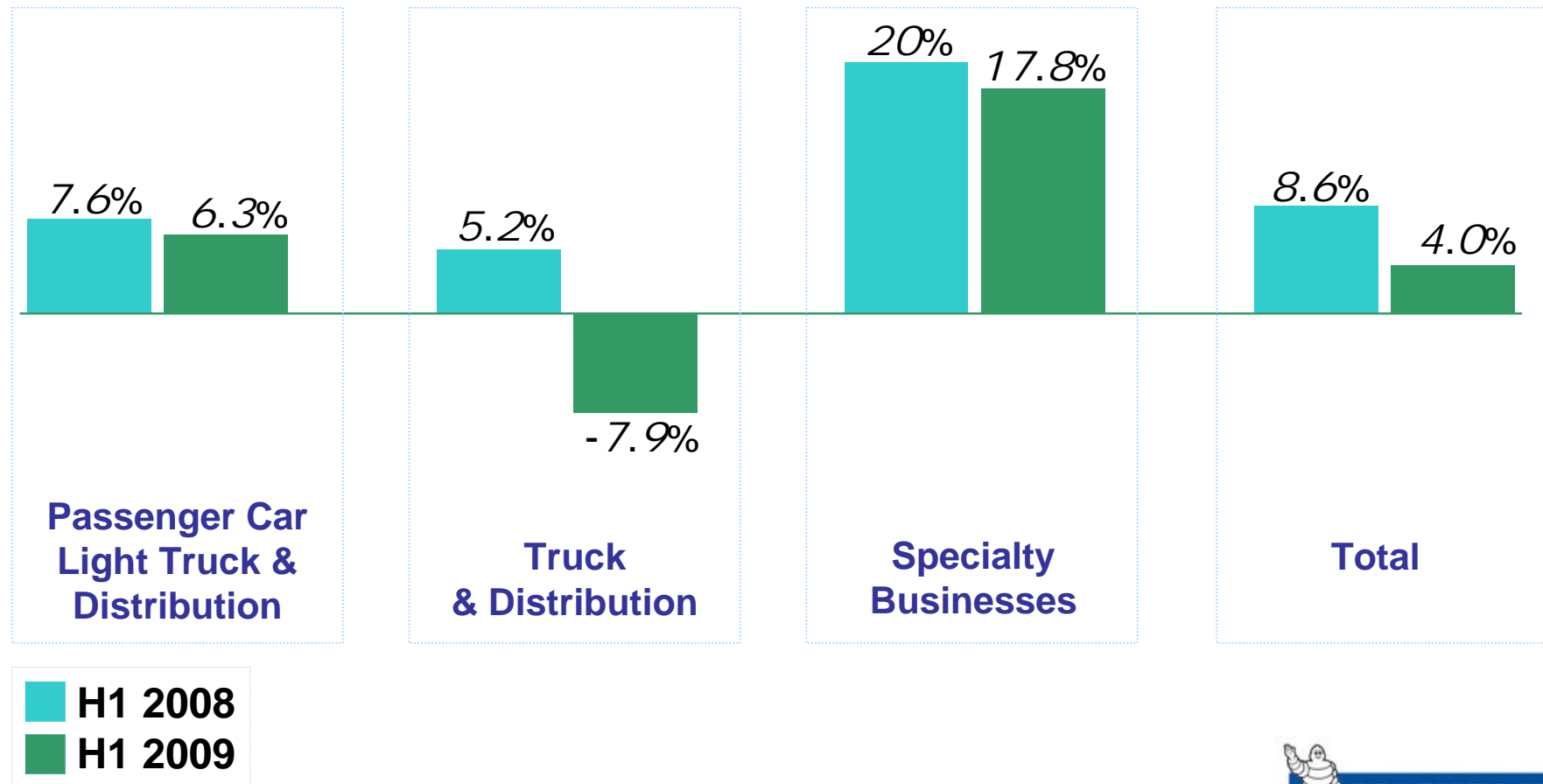
In € millions  
(at constant exchange rates)





# Firm Resistance in Passenger Car and Specialty Businesses – Steep Drop in Truck Tires

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





# Good Resilience of the Michelin Brand

## Passenger Car Light Truck & Related Distribution



|  | <i>H1 2009</i><br><i>(in € millions)</i> | <i>YoY</i><br><i>(% change)</i> |
|--|--|---------------------------------|
| <i>Net Sales</i>   | 3,949                                    | -9.4%                           |
| <i>Operating Income</i><br><i>(before non-recurring items)</i> | 247                                      | -25.6%                          |
| <i>Operating Margin</i><br><i>(before non-recurring items)</i> | 6.3%                                     | -1.3 points                     |





# Significant Drop in Volumes

## Truck & Related Distribution



|  | <i>H1 2009</i><br><i>(in € millions)</i> | <i>YoY</i><br><i>(% change)</i> |
|--|--|---------------------------------|
| <i>Net Sales</i>   | 2,071                                    | -23.2%                          |
| <i>Operating Income</i><br><i>(before non-recurring items)</i> | (163)                                    | N/M                             |
| <i>Operating Margin</i><br><i>(before non-recurring items)</i> | -7.9%                                    | -13.1 point                     |





# Sustained High Margins

## Specialty Businesses



|  | <i>H1 2009<br/>(in € millions)</i> | <i>YoY<br/>(% change )</i> |
|--|------------------------------------|----------------------------|
| <i>Net Sales</i>   | <i>1,114</i>                       | <i>-6.1%</i>               |
| <i>Operating Income<br/>(before non-recurring items)</i> | <i>198</i>                         | <i>-16.5%</i>              |
| <i>Operating Margin<br/>(before non-recurring items)</i> | <i>17.8%</i>                       | <i>-2.2 points</i>         |



# Strong Impact From Non-Recurring Expenses

in € millions

|   | H1 2009 | H1 2008 | YoY         |
|---|---------|---------|-------------|
| <b>Net Sales</b>  | 7,134   | 8,239   | -13.4%      |
| <b>Operating Income<br/>(before non-recurring items)</b>            | 282     | 708     | -60.2%      |
| <b>% of net sales</b>   | 4.0%    | 8.6%    | -4.6 points |
| <b>Non-Recurring Expenses</b>                                       | (292)   | -       | -           |
| <b>Operating Income</b>   | (10)    | 708     | -           |
| <b>Cost of Net Debt<br/>Other Financial Income<br/>and Expenses</b> | (138)   | (106)   | -           |
| <b>Income Tax</b>   | +23     | (181)   | -           |
| <b>Share of Profit from Associates</b>                              | +3      | +9      | -           |
| <b>Net Loss</b>   | (122)   | 430     | -           |







1. Withstanding the steep decline in demand
2. Maintaining Group profitability
- 3. Focusing on key business and financial metrics**
4. Increasing sales in growth regions
5. Improving competitiveness
6. Differentiating products and services



# Strong Free Cash Flow Generation

in €millions

|  | H1 2009     | H1 2008     | YoY           |
|--|-------------|-------------|---------------|
| <b>EBITDA*</b><br>(before non-recurring items) | 751         | 1,172       | - 421         |
| Change in inventory                            | <b>+580</b> | <b>-453</b> | <b>+1,033</b> |
| Change in trade receivables                    | -17         | -110        | +93           |
| Change in payables                             | <b>-490</b> | <b>-131</b> | <b>-359</b>   |
| Tax and finance costs paid                     | <b>-100</b> | <b>-259</b> | <b>+159</b>   |
| Change in provisions                           | <b>-24</b>  | <b>-131</b> | <b>+107</b>   |
| Other WCR                                      | <b>+263</b> | <b>+86</b>  | <b>+177</b>   |
| <b>OPERATING CASH FLOW</b>                     | <b>963</b>  | <b>174</b>  | <b>+789</b>   |
| Gross capex                                    | <b>-319</b> | <b>-500</b> | <b>+181</b>   |
| Other  | <b>-69</b>  | <b>-119</b> | <b>+50</b>    |
| <b>FREE CASH FLOW**</b>                        | <b>+575</b> | <b>-445</b> | <b>+1,020</b> |

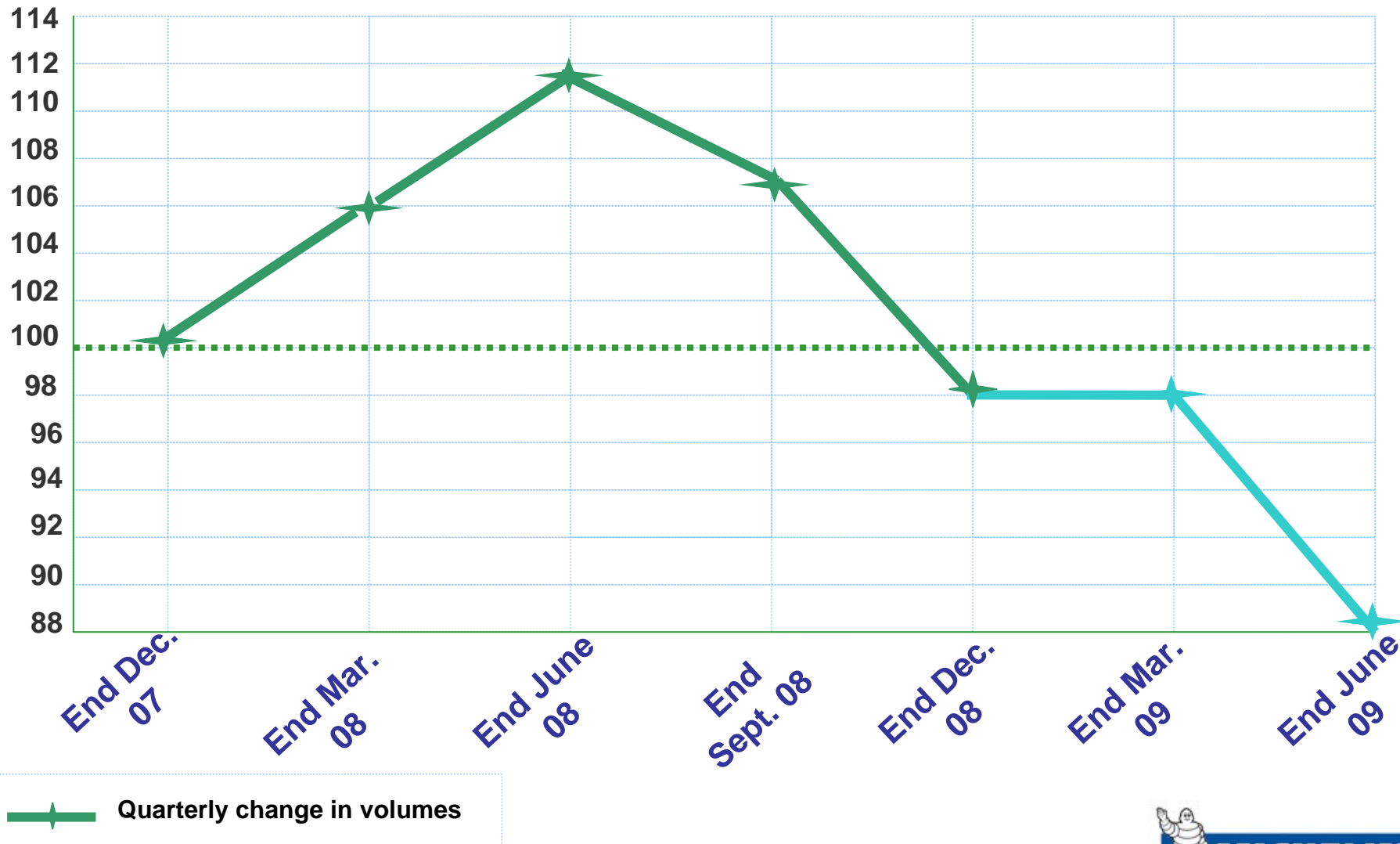
\*EBITDA before non-recurring items: operating income excluding depreciation, amortization and impairment of PP&E and intangibles

\*\*Free cash flow: operating cash flow less gross capex and other



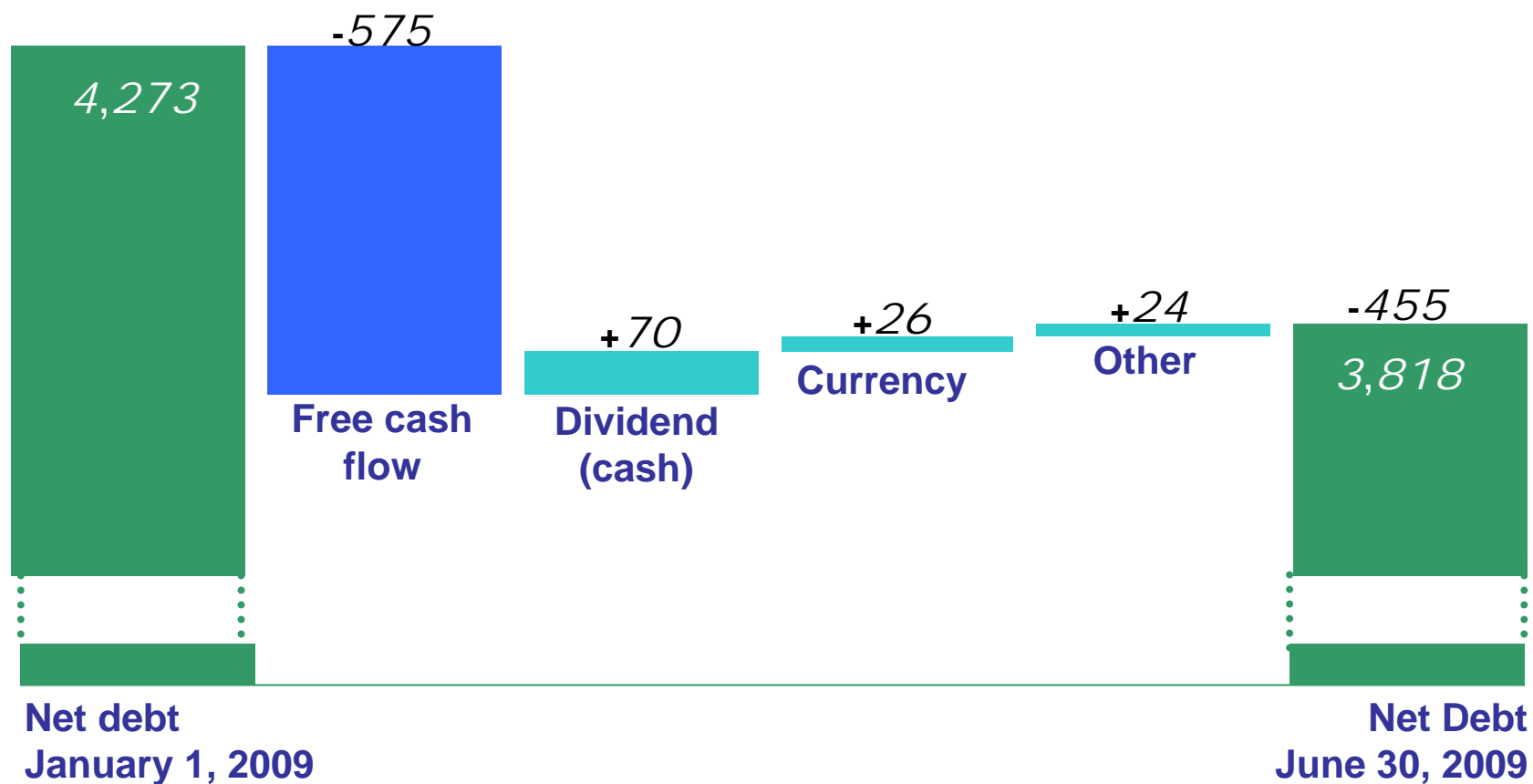


# Responsive Production Actions Have Brought Inventories Under Control



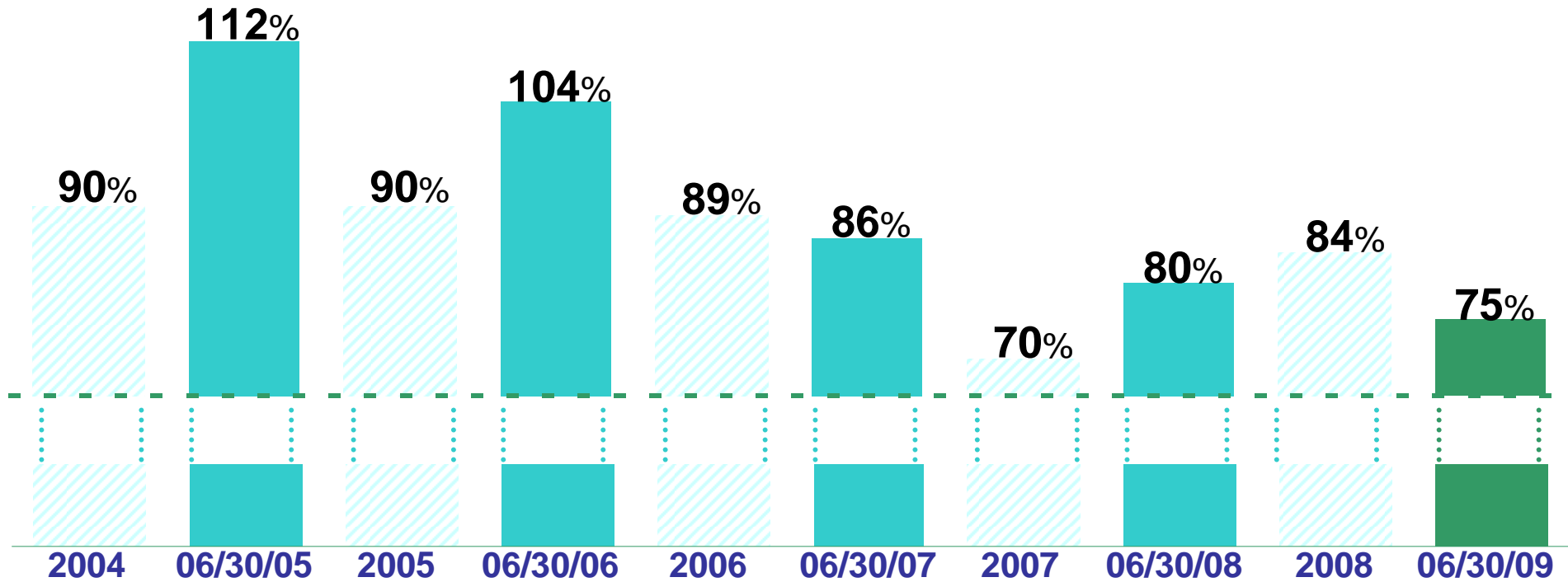
# Sharp Reduction in Net Debt

In €millions





# Record Low Gearing by End-June Despite the Difficult Environment



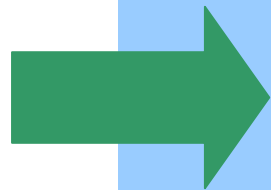
Gearing: Net debt/Equity





## 2009: Focusing on Key Economic and Financial Metrics

- **Strongly improved responsive production actions**
- **Costs under control**
- **Inventory down in volume and in unit value**
- **Capex scaled back sharply except in emerging markets**



**Objective:**

**Generate positive free cash flow in H2**



1. Withstanding the steep decline in demand
2. Maintaining Group profitability
3. Focusing on key business and financial metrics
- 4. Increasing sales in growth regions**
5. Improving competitiveness
6. Differentiating products and services





# Production Capacity in Growth Regions Will Increase

- ▶ **Brazil:**  
new Passenger Car/Light Truck tire plant
- ▶ **India :**  
new Truck and Earthmover tire plant
- ▶ **China:**  
doubling Truck and Passenger Car/Light Truck production capacity







1. Withstanding the steep decline in demand

2. Maintaining Group profitability

3. Focusing on key business and financial metrics

4. Increasing sales in growth regions

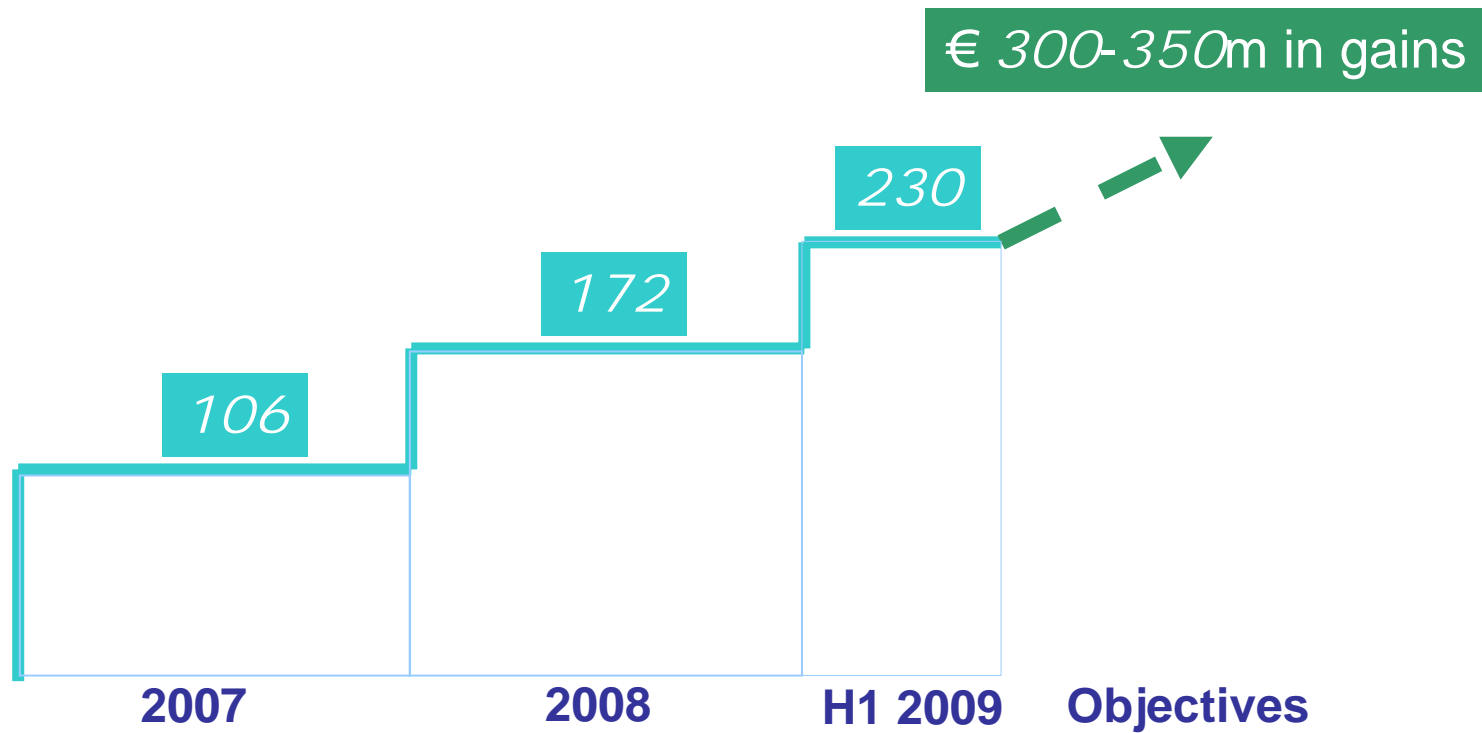
5. Improving competitiveness

6. Differentiating products and services





# Gains in Logistics and SG&A Costs in Line with Objectives



 Cumulated Gains in €millions



# Ongoing Product Range Optimization

MICHELIN  
ENERGY E3A



8,000 g

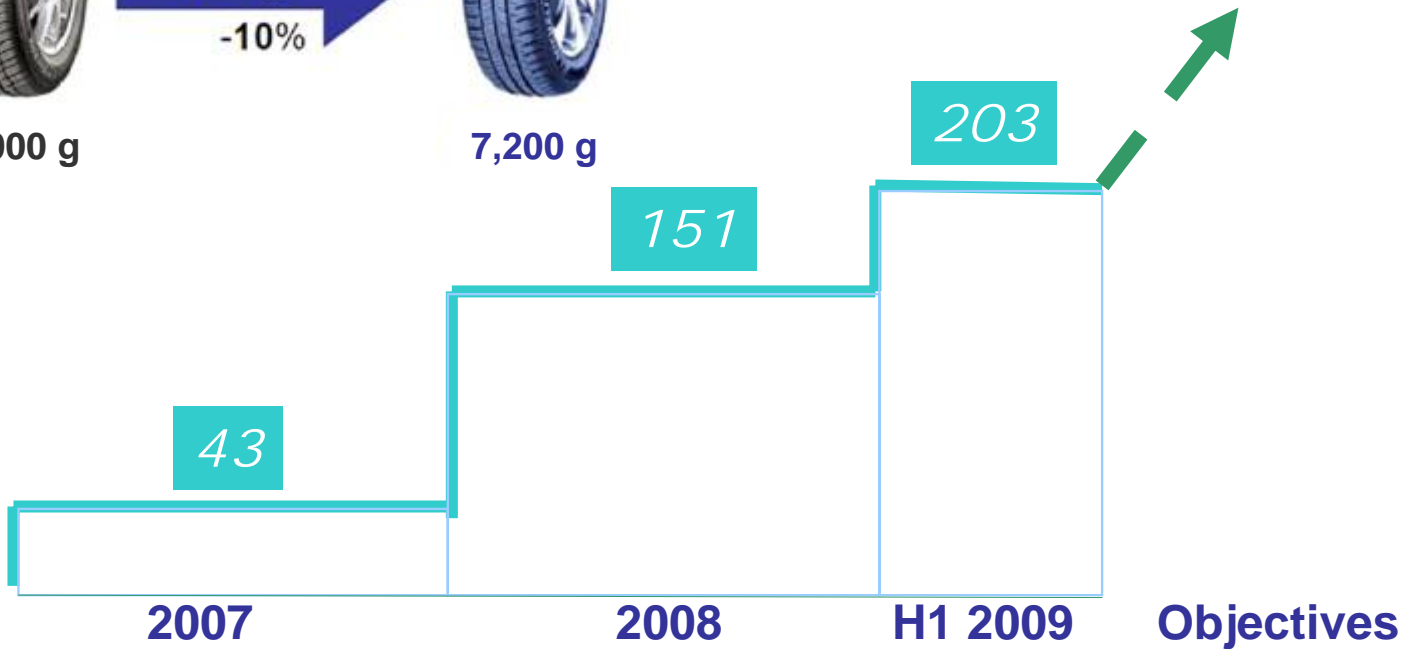


MICHELIN  
ENERGY SAVER



7,200 g

€ 500-550m in gains

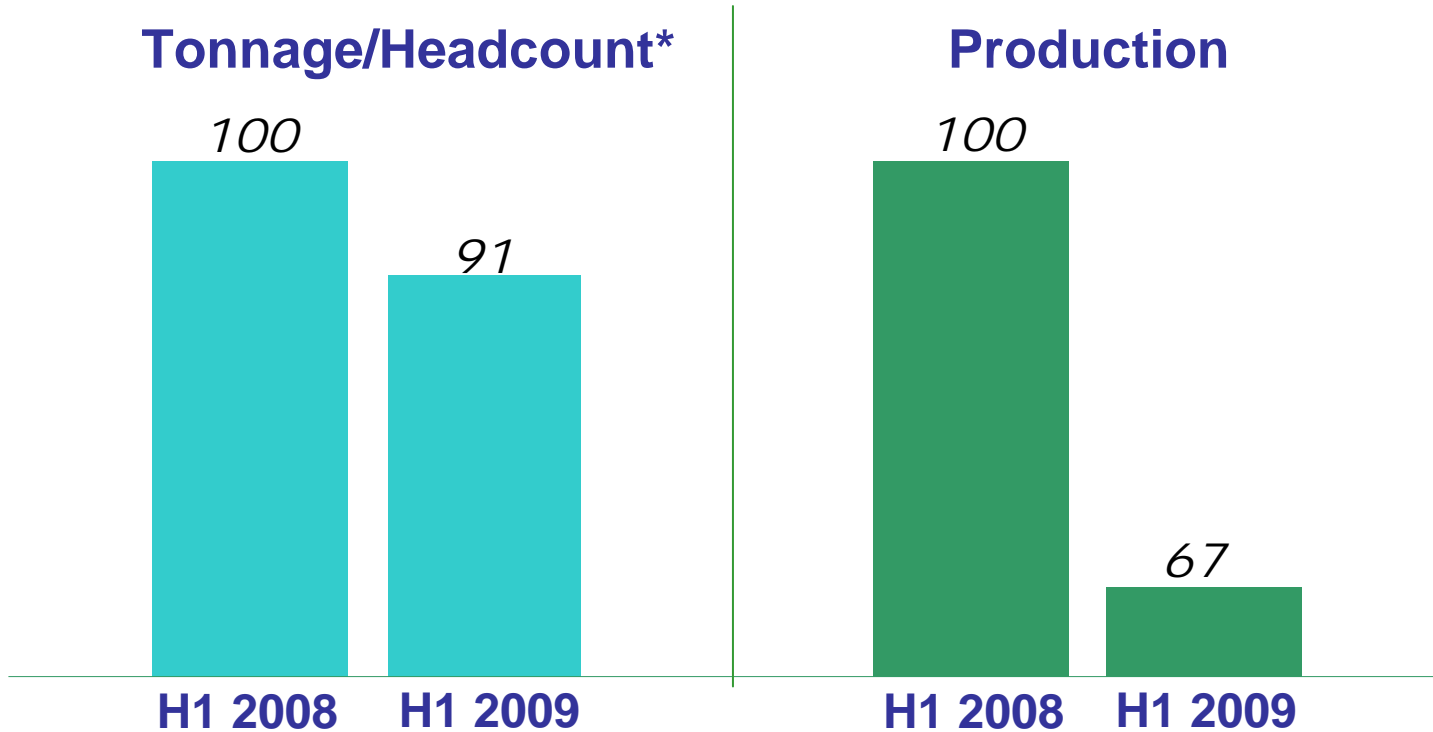


Cumulated Gains in € millions





# Sustained Productivity Efforts Despite Fall in Volumes

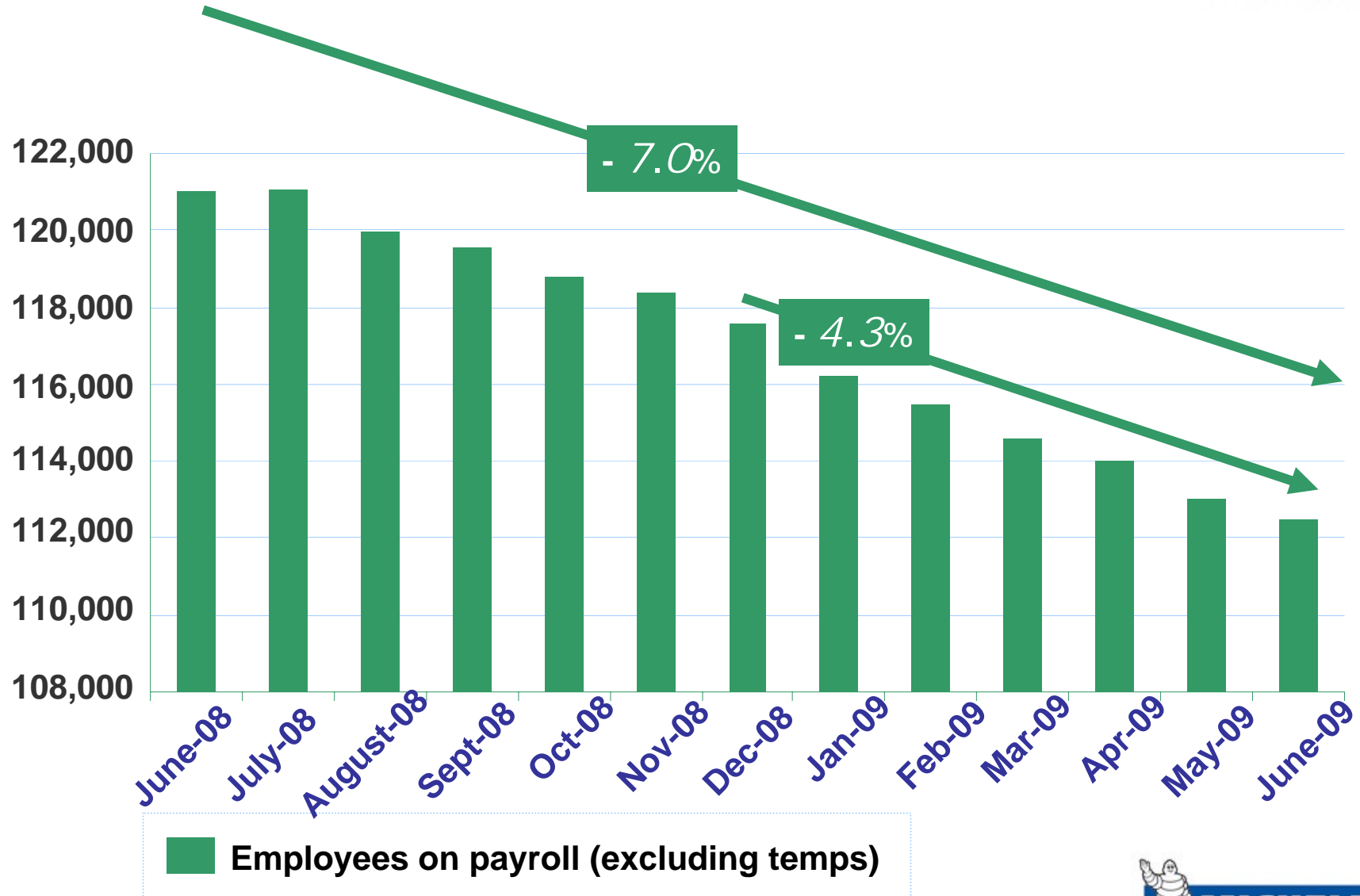


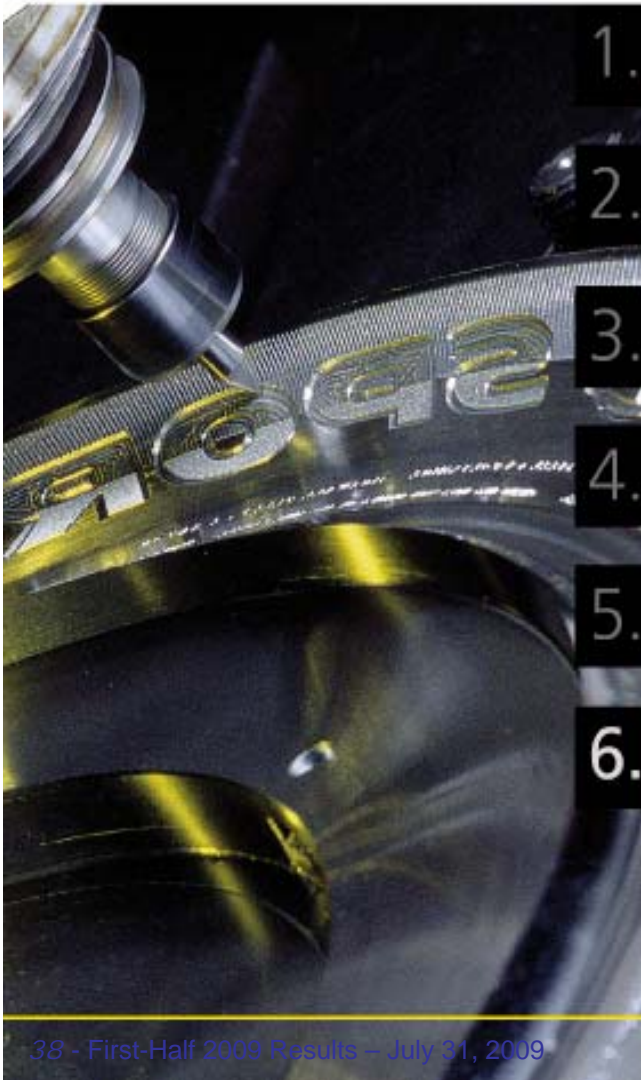
\* Including temps





# A Steady Decline in the Headcount Since June 2008





1. Withstanding the steep decline in demand

2. Maintaining Group profitability

3. Focusing on key business and financial metrics

4. Increasing sales in growth regions

5. Improving competitiveness

6. Differentiating products and services



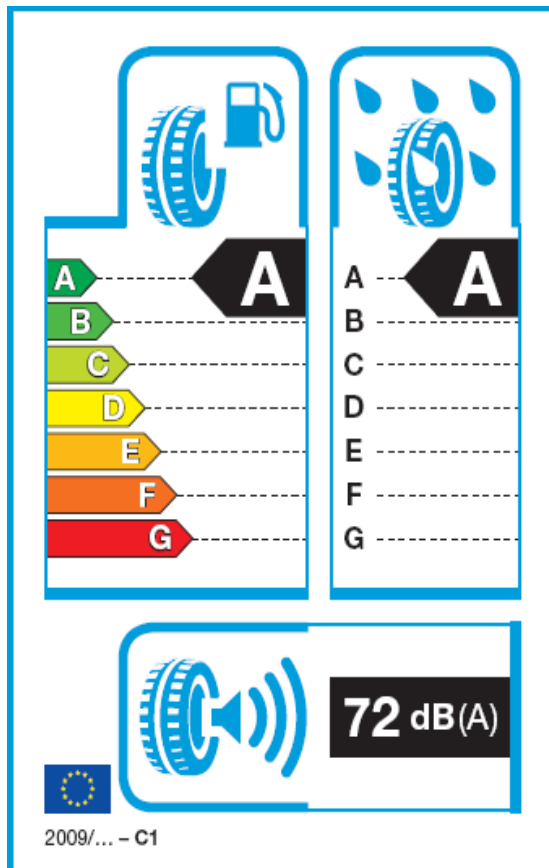


# Regulations Geared to Safety and Environment

- ✓ **Improve safety**
- ✓ **Reduce air pollution**
- ✓ **Limit noise pollution**



# New Tire Regulation Strengthens Michelin's Brand Equity



- All tire types
- Labeling:
  - Fuel consumption categories
  - Wet grip categories
  - External rolling noise categories
- Minimum performances threshold
- Applicable in 2012



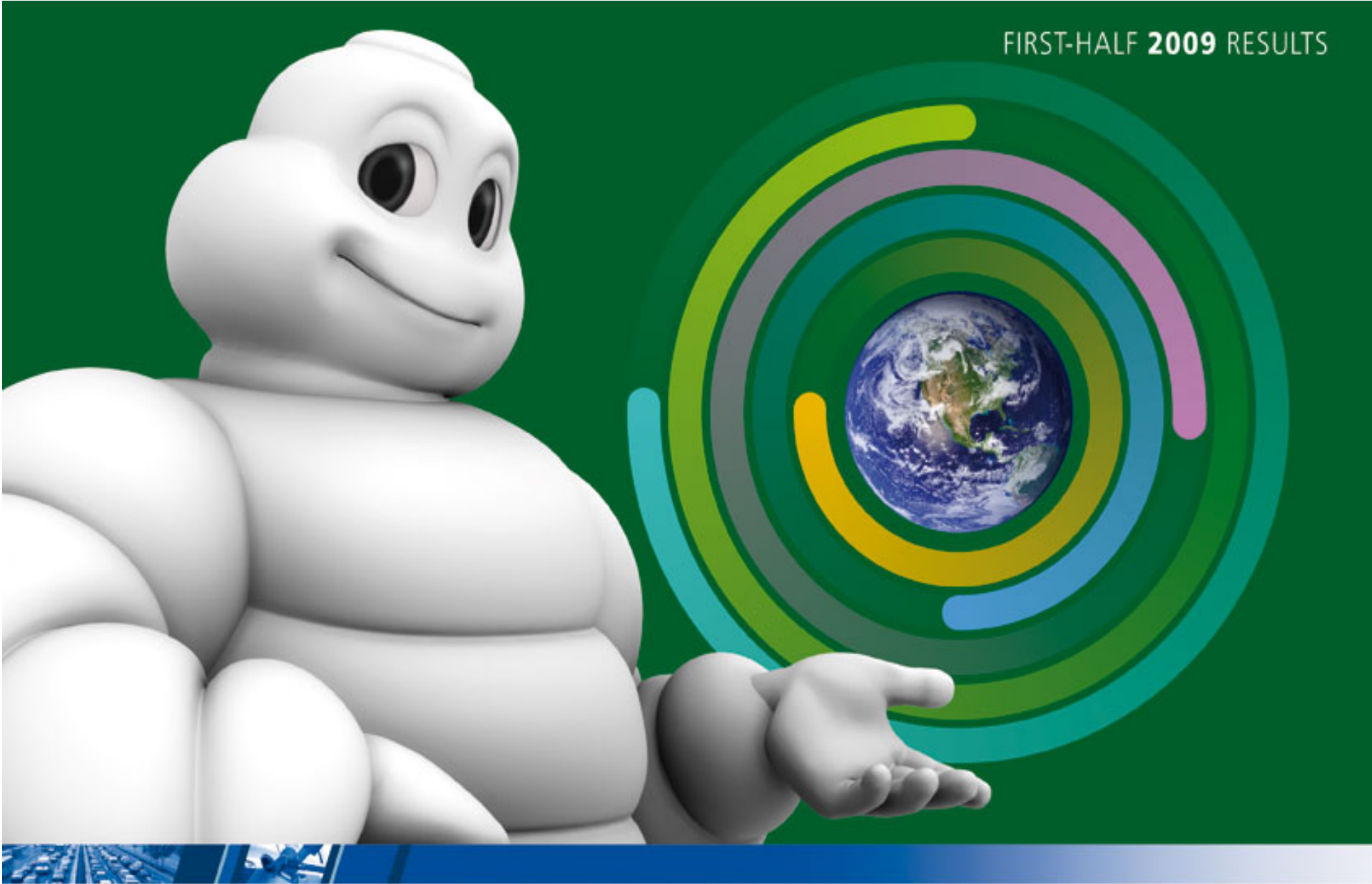




# More Flexible and Responsive for a Greater Rebound



FIRST-HALF 2009 RESULTS





# Contacts

## Investor Relations

**Valérie Magloire**

**Jacques-Philippe Hollaender**

**+33 (0) 1 45 66 16 15**

**46, avenue de Breteuil**

**75324 Paris Cedex 07 – France**

**[investor-relations@fr.michelin.com](mailto:investor-relations@fr.michelin.com)**





## Disclaimer

*« This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documentation published in France by Autorité des Marchés Financiers available from the [www.michelin.com](http://www.michelin.com) website.*

*This presentation could contain a number of provisional statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of 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 induced by these statements.»*

