



Goldman Sachs Roadshow in London

June 2010



Early 2010: demand trending upwards

- **Clear rebound in tire demand off of favorable prior-year comparatives**
- **Increase in Michelin Q1 volumes, gaining momentum late in the quarter as market share held firm**
- **First-quarter mix reflected growth in OE sales**
- **Impact of price increases expected over the coming quarters**



OUTLINE



■ **Analysis of Q1 Net Sales**

■ **Global Market Trends**

■ **Outlook**

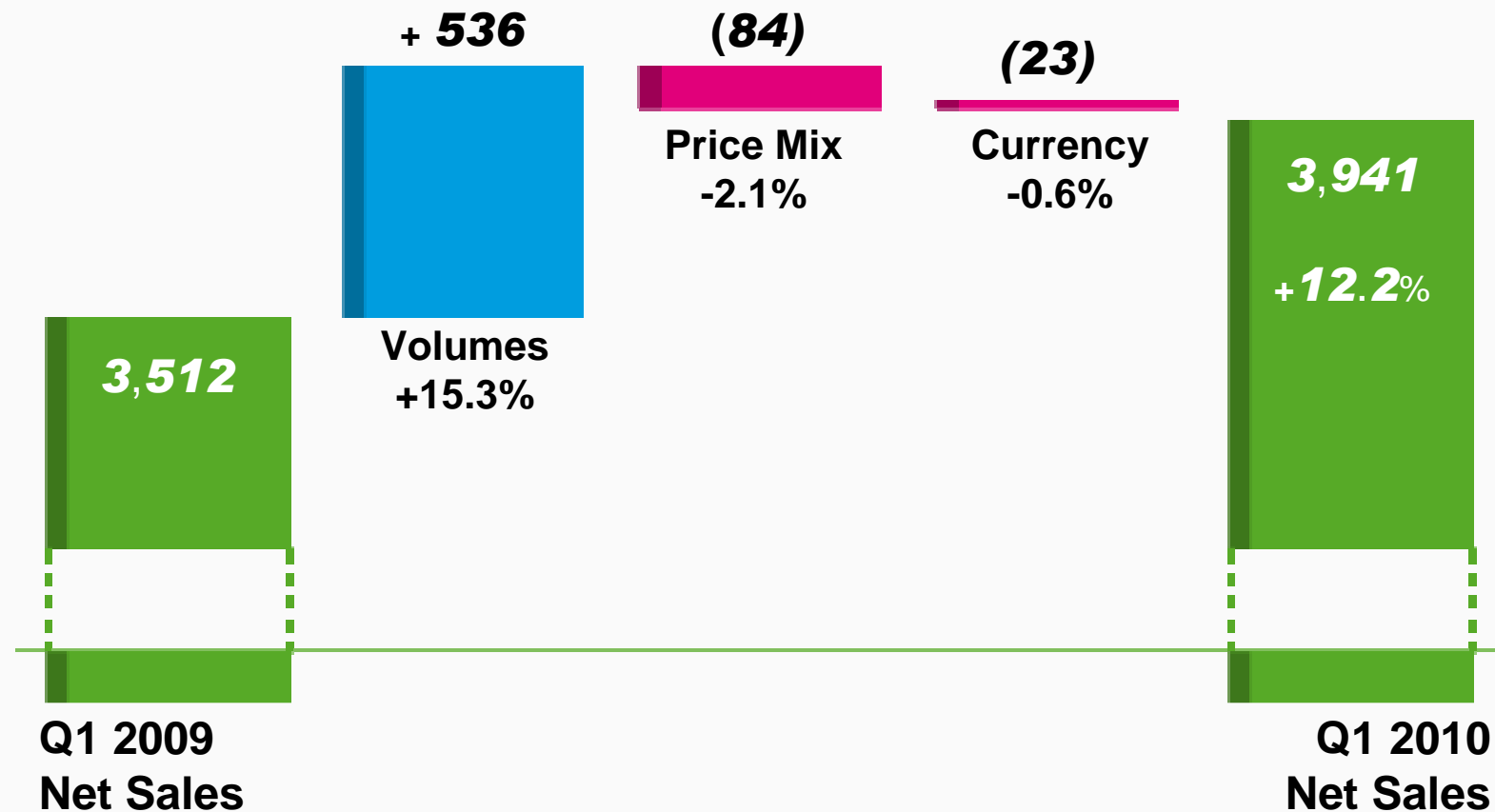


Analysis of Q1 Net Sales



Growth in Net Sales Led by Volumes

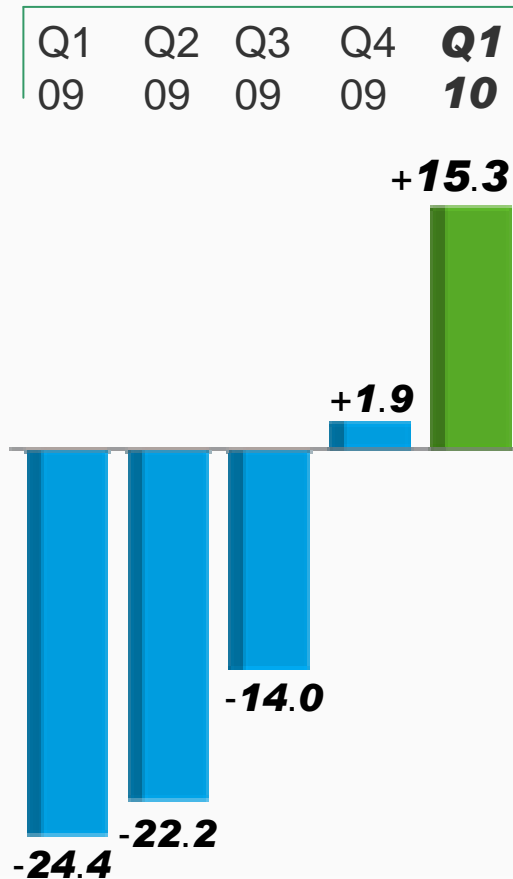
YoY change in € millions and as a % of net sales



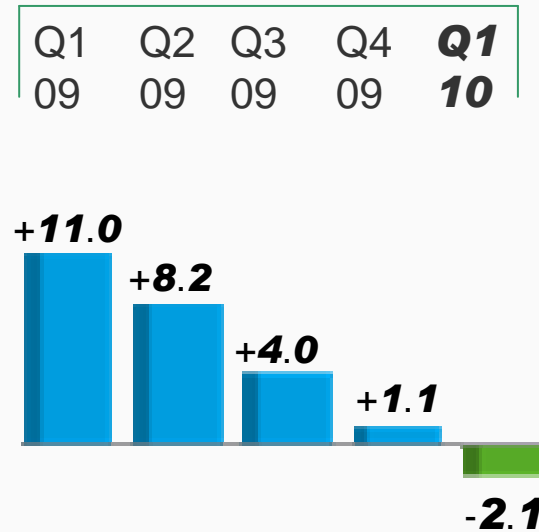
Higher Volumes: Growing Contribution from the OE Segment

YoY change as a % of net sales

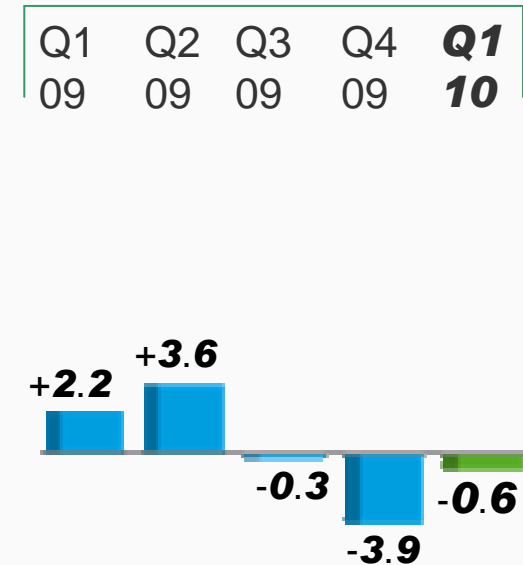
Volumes



Price Mix



Currency



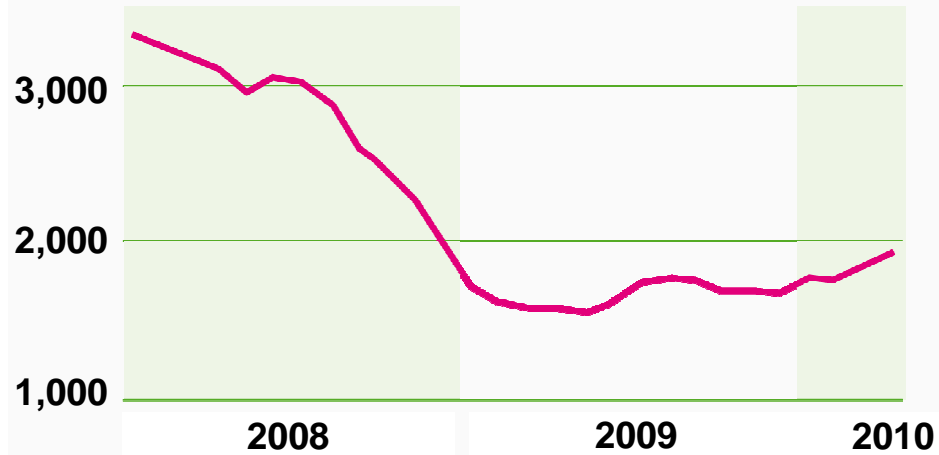
Global Market Trends



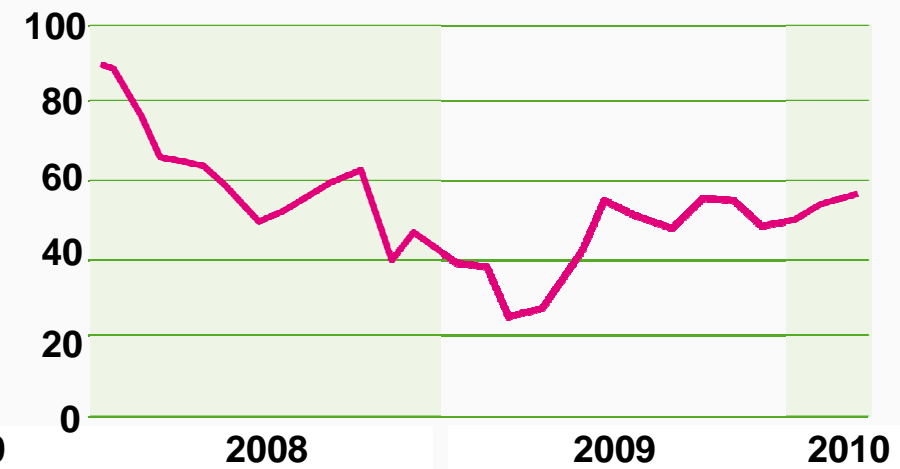
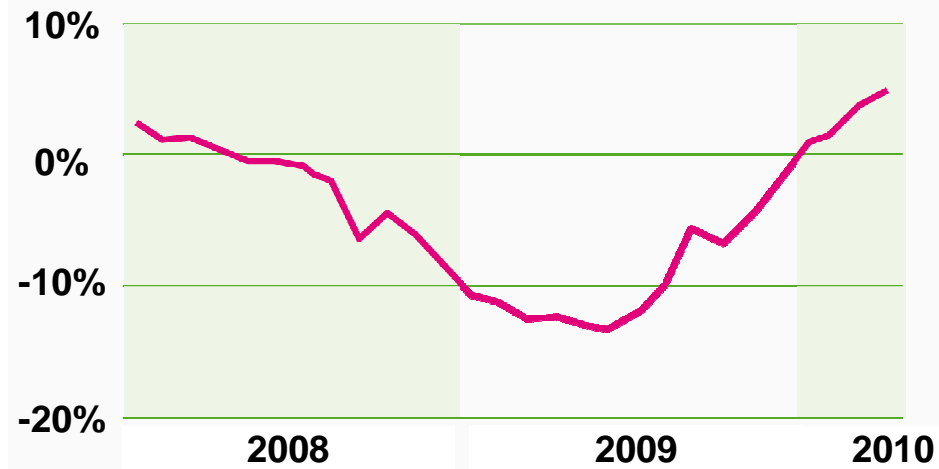
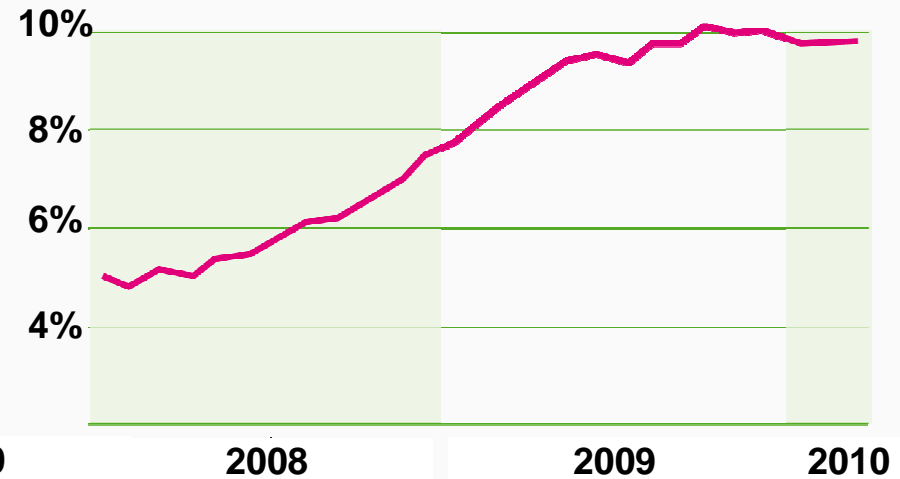
Better Economic Environment outlook in the US

HOUSING STARTS

('000s units – moving 3 months)



UNEMPLOYMENT



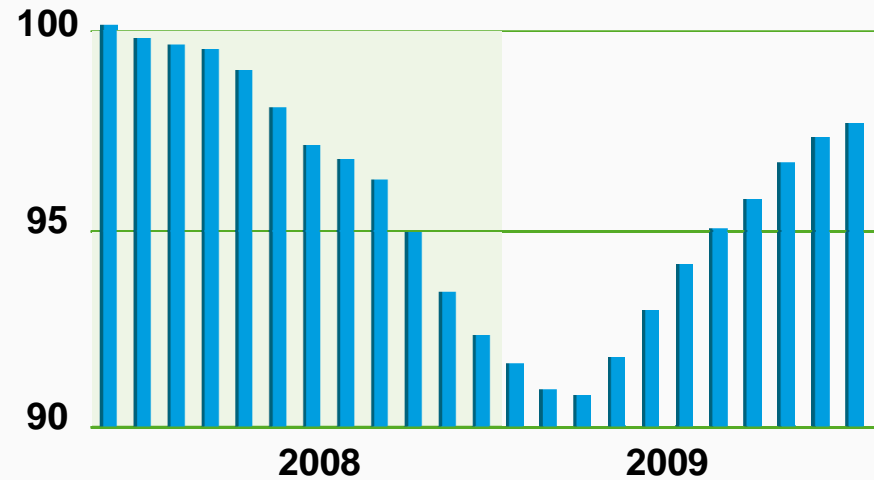
INDUSTRIAL PRODUCTION GROWTH

CONSUMER CONFIDENCE

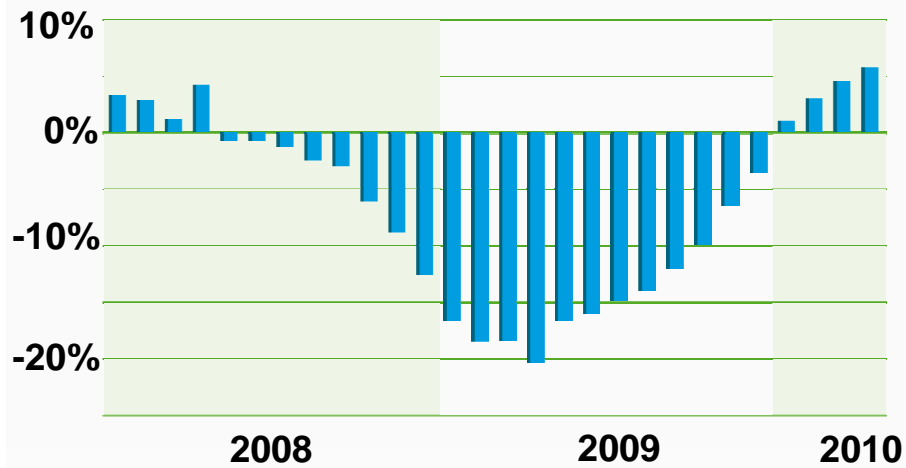
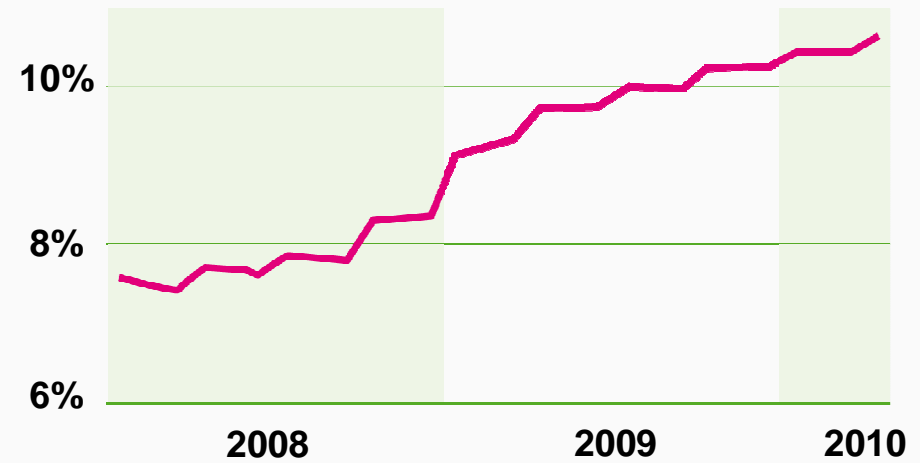


Cautiously Optimistic in Europe

CONSUMER CONFIDENCE EUROZONE



UNEMPLOYMENT

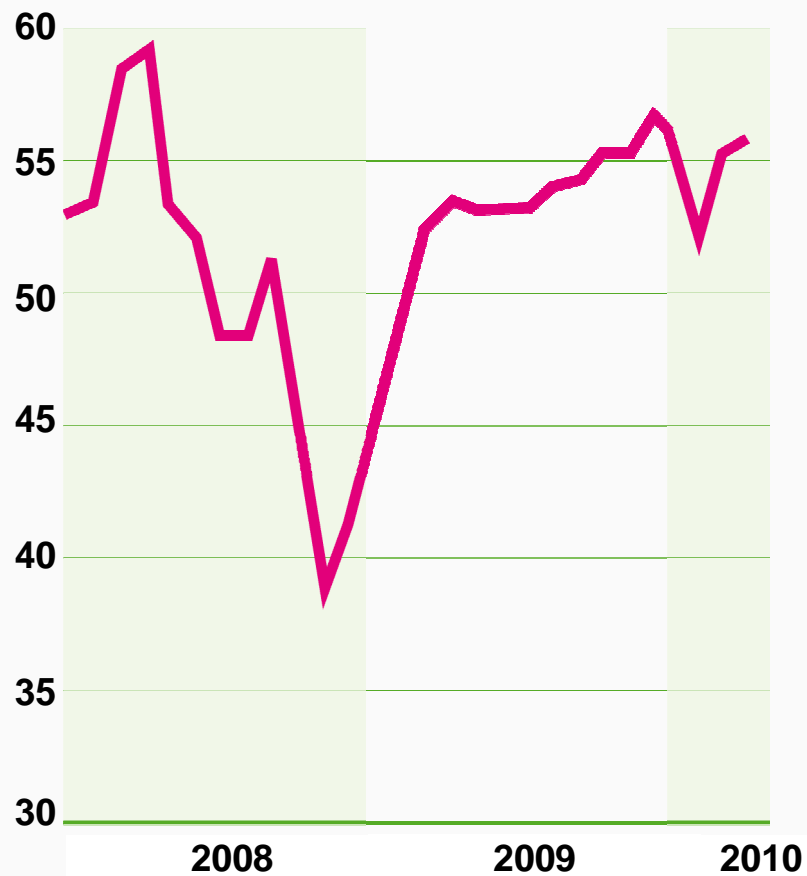


INDUSTRIAL PRODUCTION GROWTH

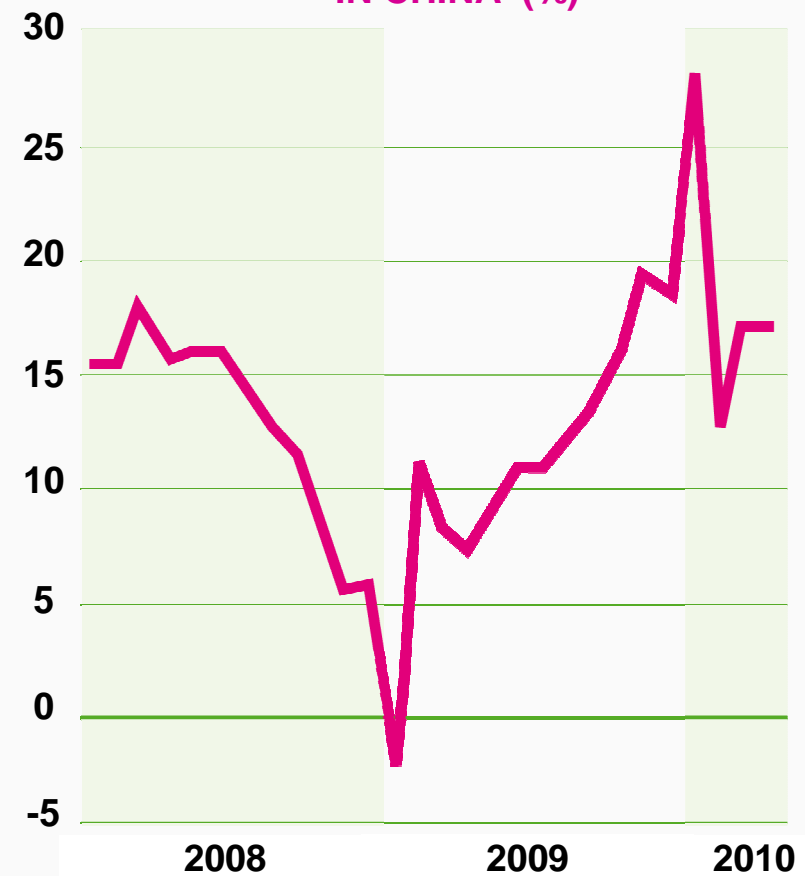


Strong Growth in the Chinese Economy

PMI CHINA



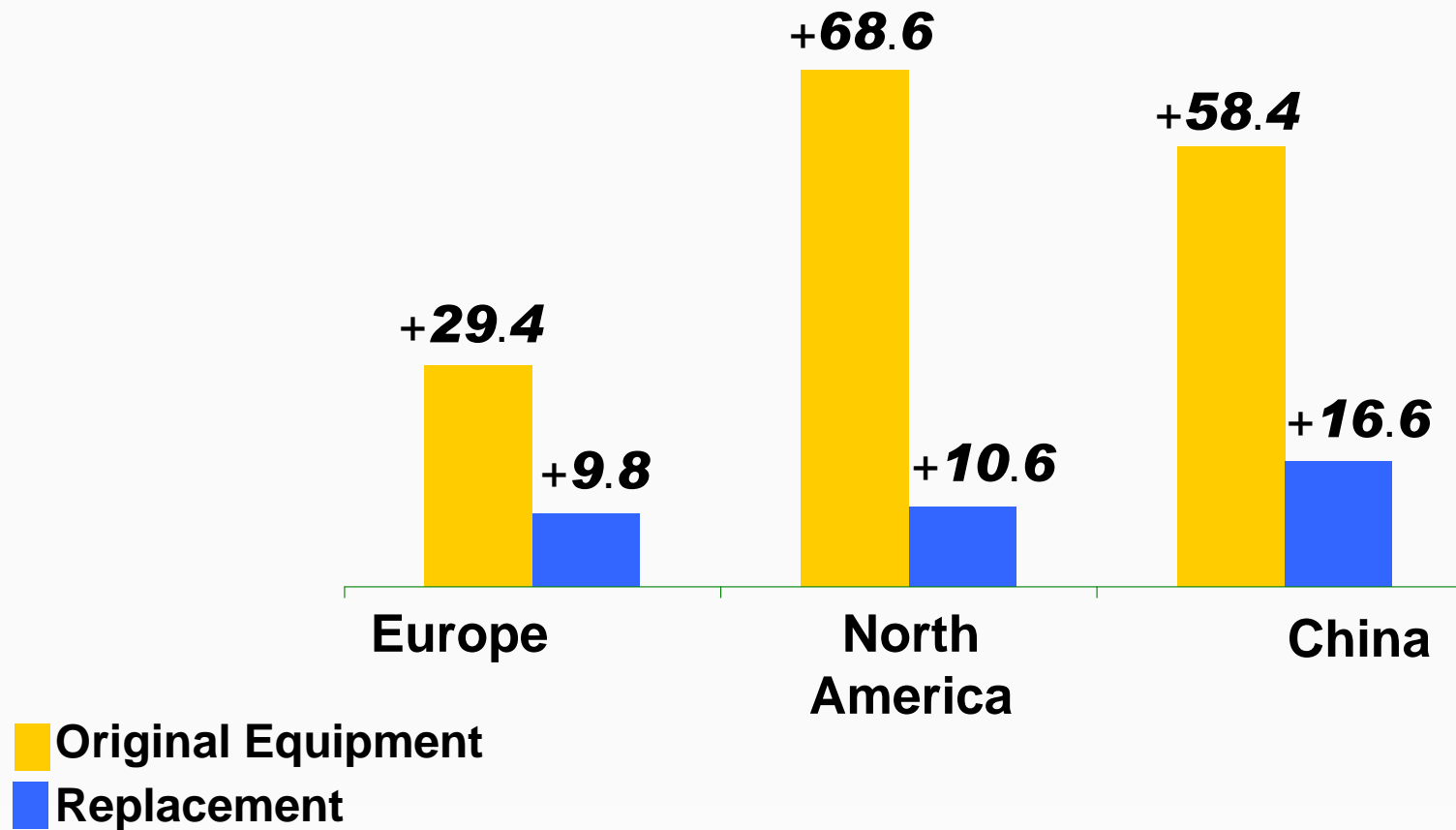
INDUSTRIAL PRODUCTION GROWTH IN CHINA (%)



Passenger Car/Light Truck Tire Markets: Significant Rebound in the First-Quarter

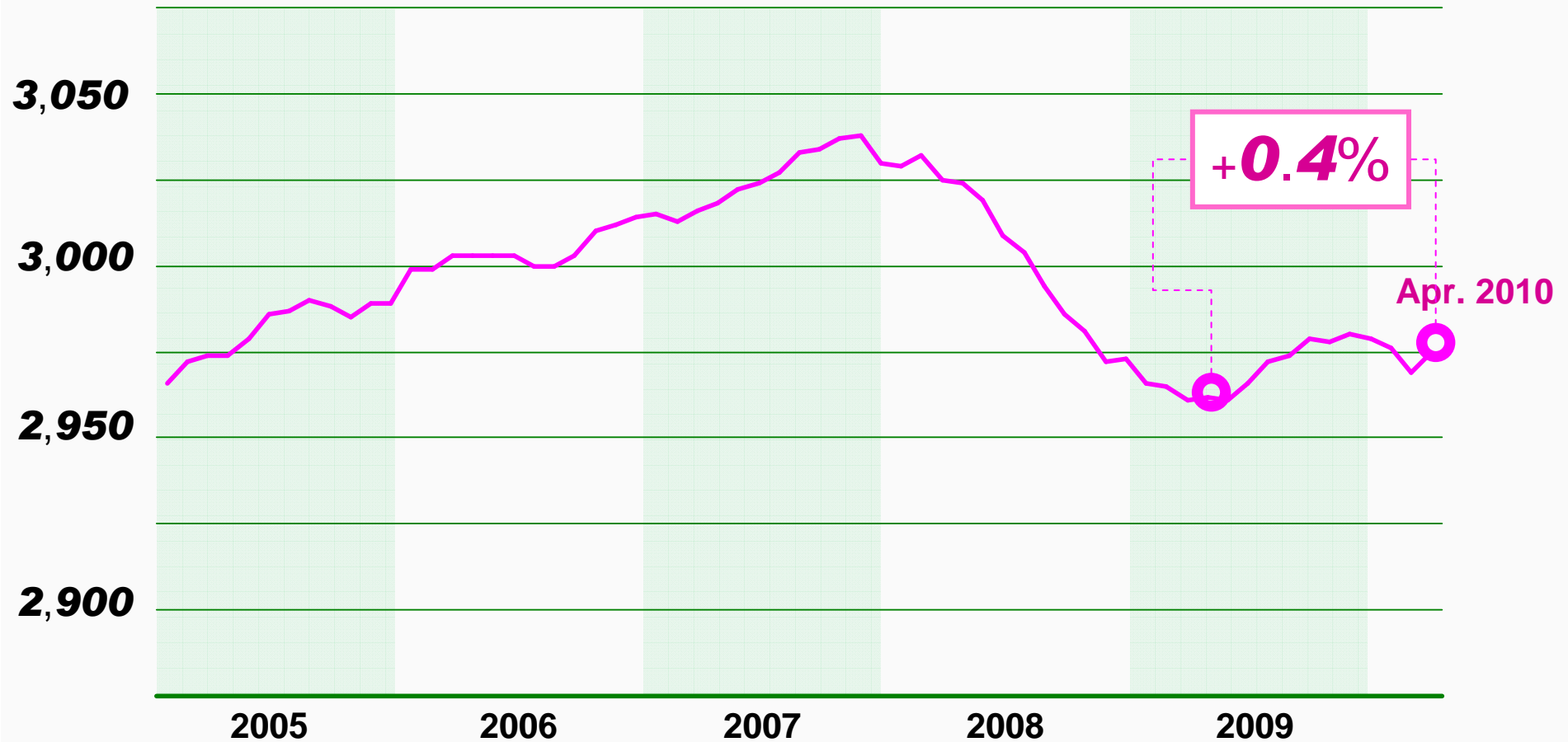


*Markets from January to May 2010 –
% change YoY*



Recovery in US Vehicle Miles Driven Still Hesitant

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



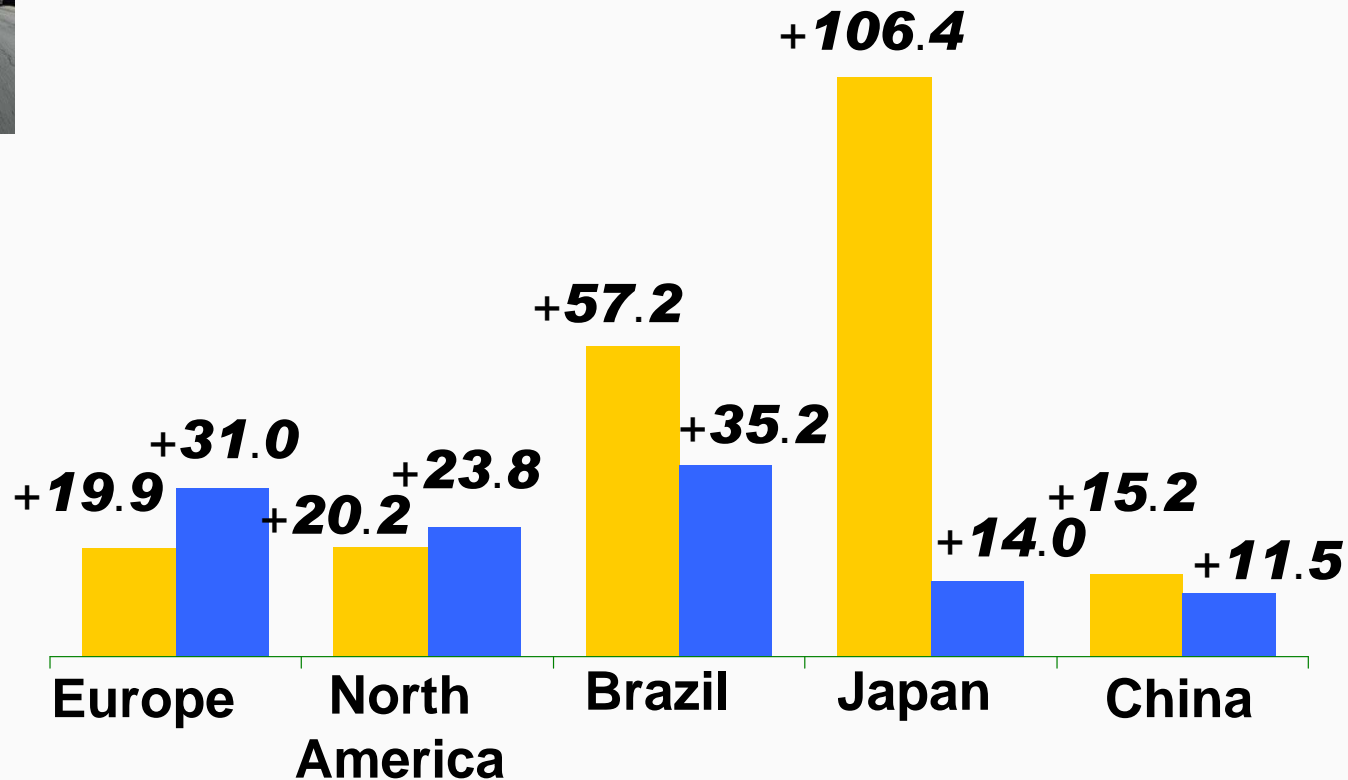
Source: US Department of Transportation / Federal Highway Administration



Sharp Upturn in Truck Tire Markets Off of Low Prior-Year Comparatives



Markets from January to May 2010 –
% change YoY

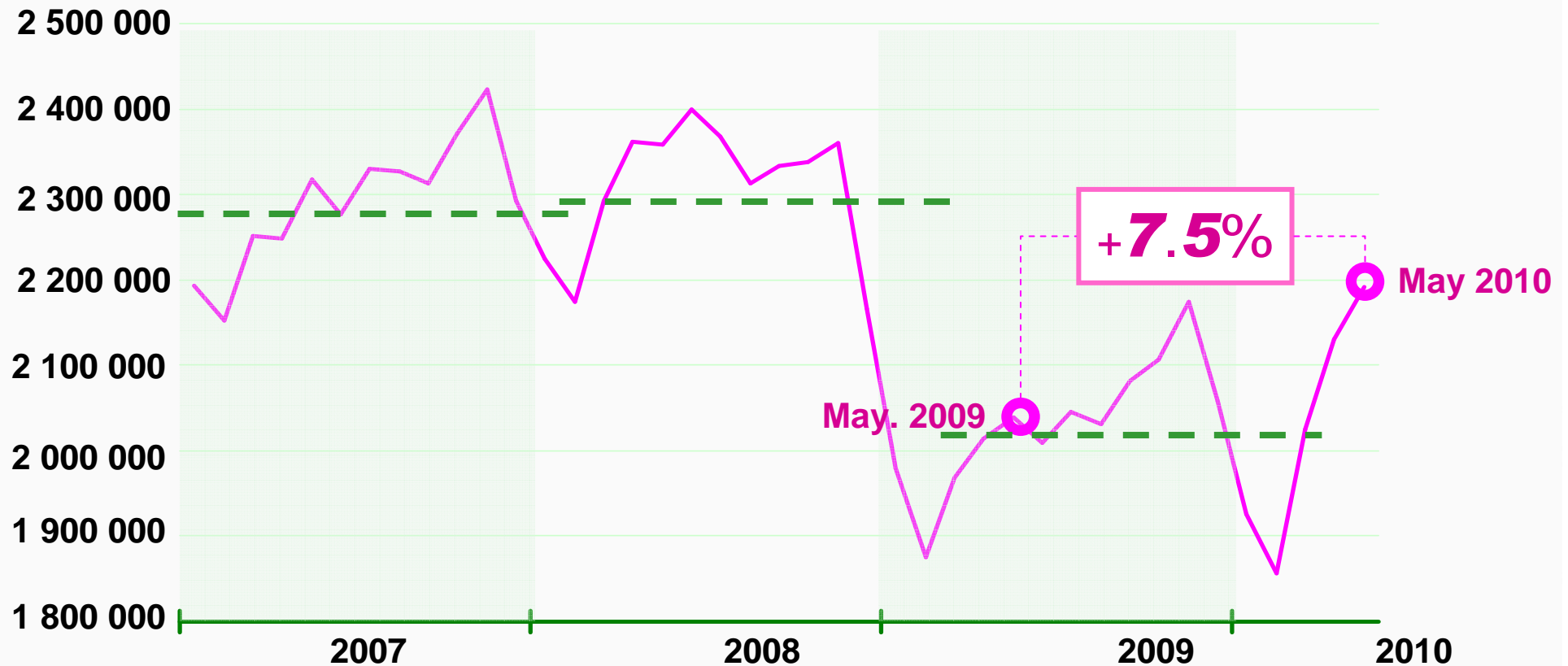


■ Original Equipment
■ Replacement



Freight Kilometers in Germany up 7.5% in May 2009 (Moving 3-Month)

KILOMETERS DRIVEN IN GERMANY ('000s)
(MOVING 3-MONTH – TOLL-COMMITTED TRUCKS > 15 TONS)



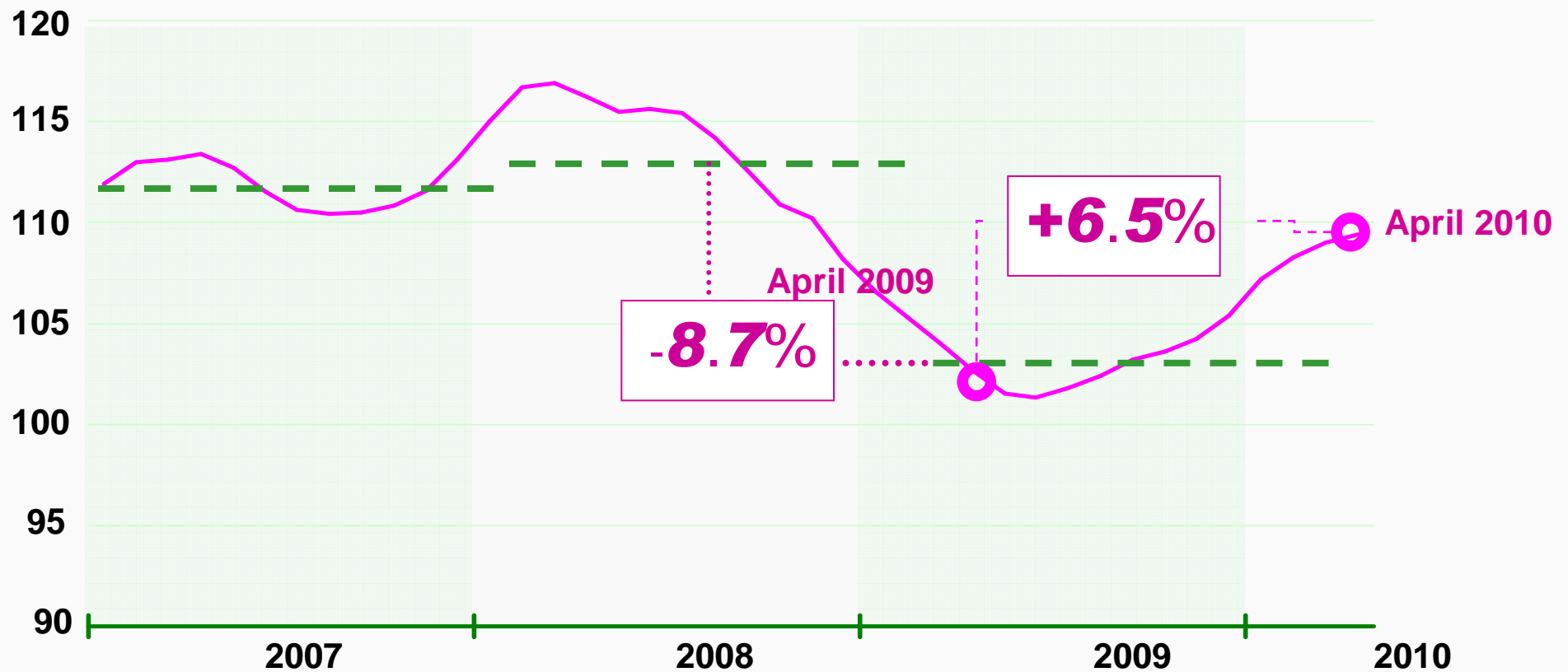
Source : Bundesamt für Güterverkehr

Yearly average



Increase in US Freight Tonnage

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



Source: US Department of Transportation / Federal Highway Administration



Mining Operations Underpinned by Strong Demand for Raw Materials

OIL SANDS PRODUCTION
(‘000 of barrels per day)



Source: Canadian Association of Petroleum Producers

IRON ORE PRICES
(USD / Dry Metric Ton)

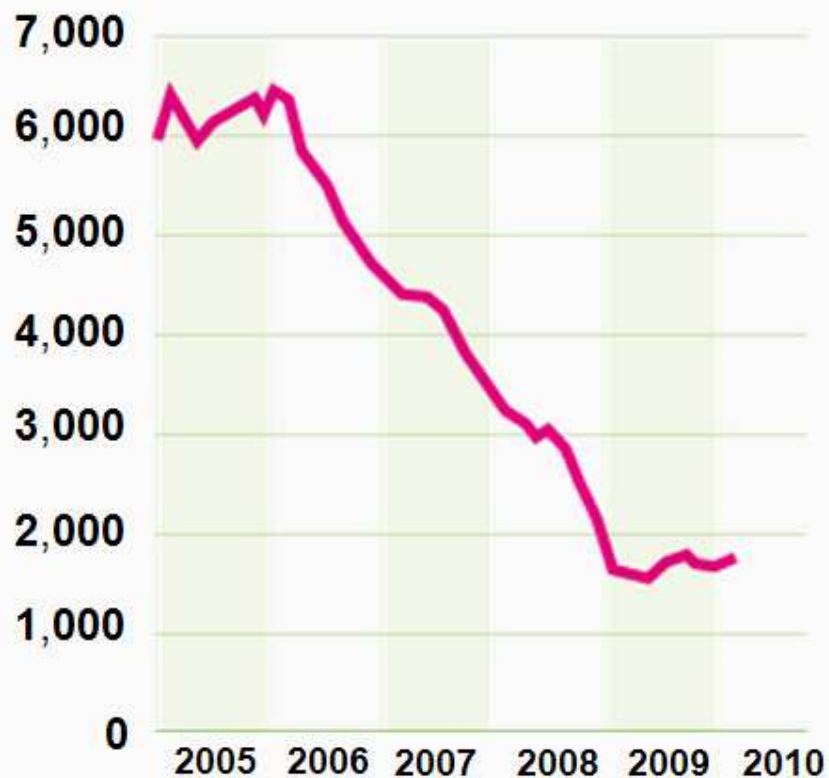


Source: SBB



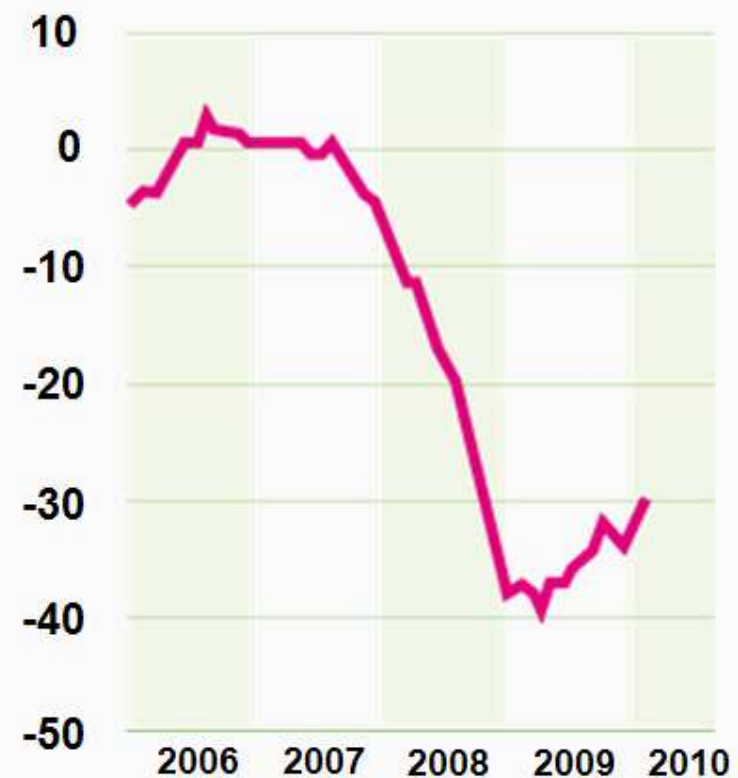
Infrastructure Market: Signs of Recovery in North America and Western Europe

US HOUSING STARTS
(‘000s units – moving 3 months)



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

EU CONSTRUCTION CONFIDENCE INDEX

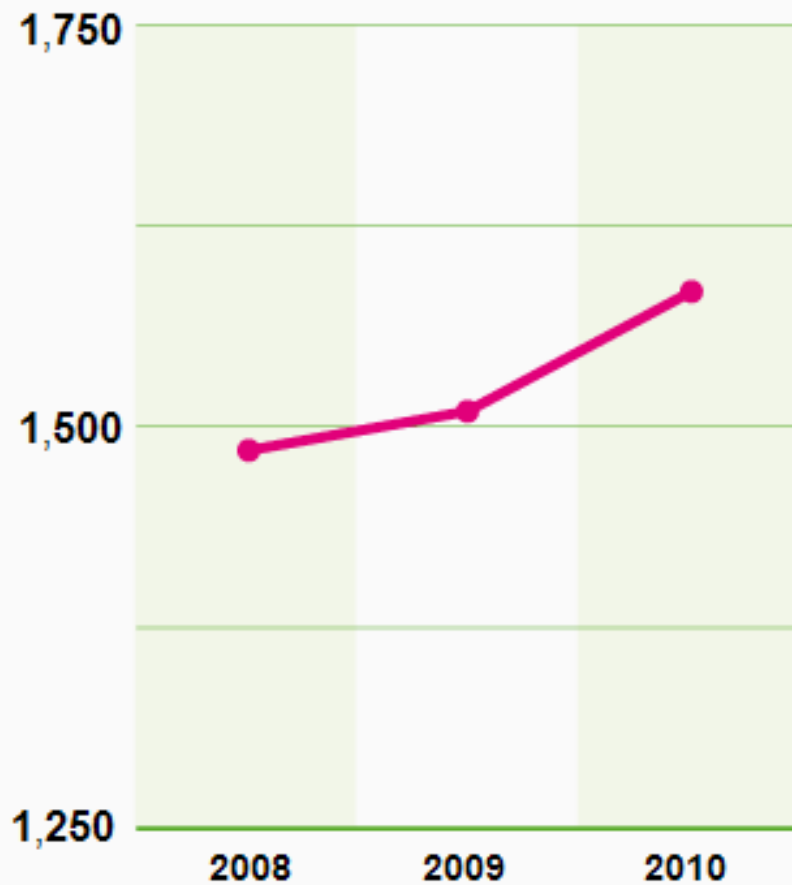


Source: Eurostat



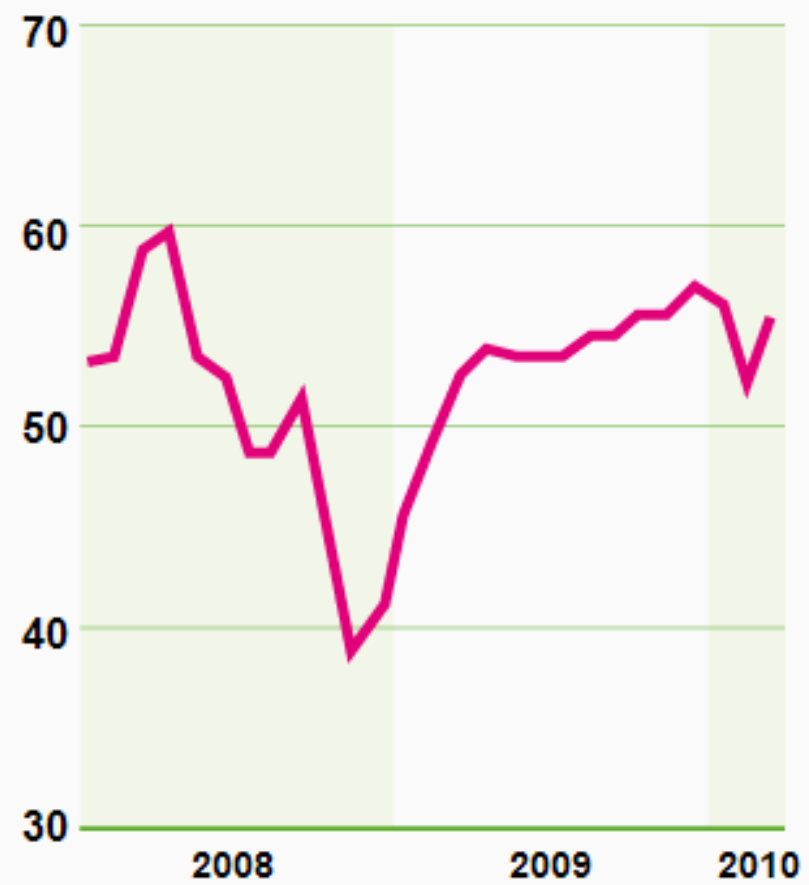
Sustained Demand in Asian Infrastructure Markets

ASIAN CONSTRUCTION SPENDING
(€ billions)



Source: IHS Global Insight

CHINA PURCHASING MANAGERS RATIO



Source: ISM



Outlook



Tire Demand Expected to Increase

■ Passenger Car and Light Truck Tires

- Further growth in the replacement market, as postponed orders are fulfilled
- Possible slowdown in the European original equipment segment

■ Truck Tires

- Demand supported by sharp dealer and fleet inventory drawdowns in 2009
- Ongoing rebound already apparent in Europe
- Miles driven on the rise and a tighter retread market in North America

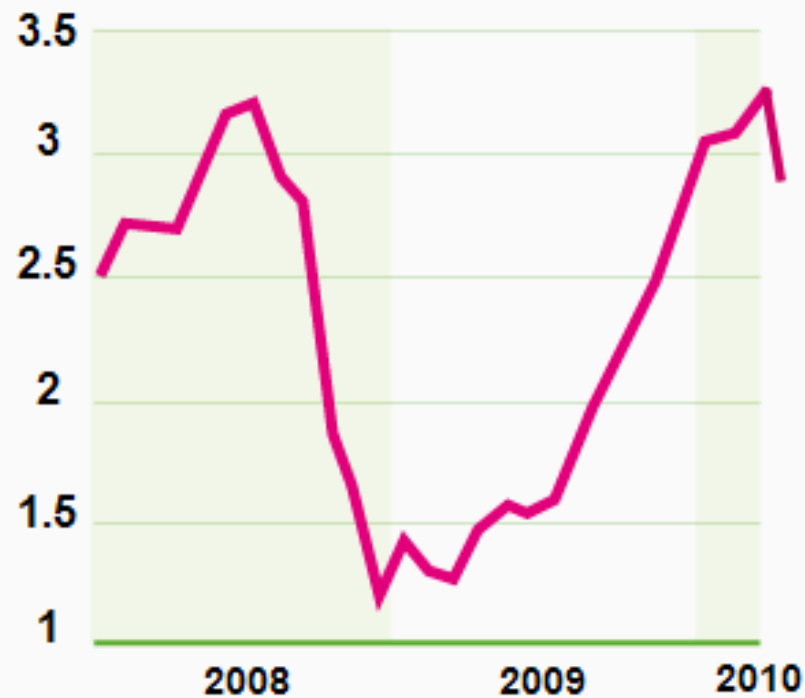
■ Specialty Tires

- Demand trending upward in mining operations and growth regions
- Infrastructure and original equipment: replenishing inventory in expectation of an increase in end-user demand

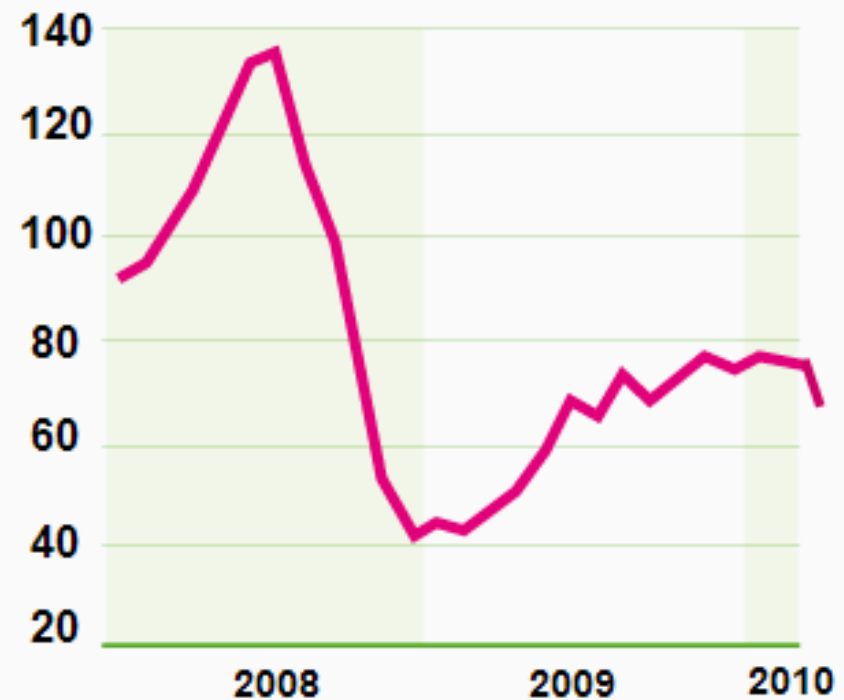


Increase in Raw Material Prices, Especially Natural Rubber

NATURAL RUBBER PRICES
TSR20- USD/kg



BRENT PRICES
(USD/Barrel)



Responsive Pricing Policy to Pass on Higher Raw Material Prices

■ North America (Effective February 1)

Truck tire replacement market: **from +3% to +7%**

Passenger car & Light truck tires: depending on the range

Earthmover tire replacement market: **+4%**

■ North America (Effective June 1)

Passenger car & Light truck tires: **up to 6%**

■ Europe

April 1: Truck tire replacement market: **+4%**

2nd Quarter: Passenger car & Light truck replacement tires: **+3% to +4%**

■ Other regions

Price increases scheduled in the second quarter

■ Contractual indexation clauses

Prices to be revised upwards in the second half



2010 Outlook

■ Confirm Rebounding Demand

➔ Volumes up 10%

■ Rising Raw Materials Prices

➔ Responsive Pricing Policy

■ To Drive New Growth

➔ Restoring Capital Expenditure

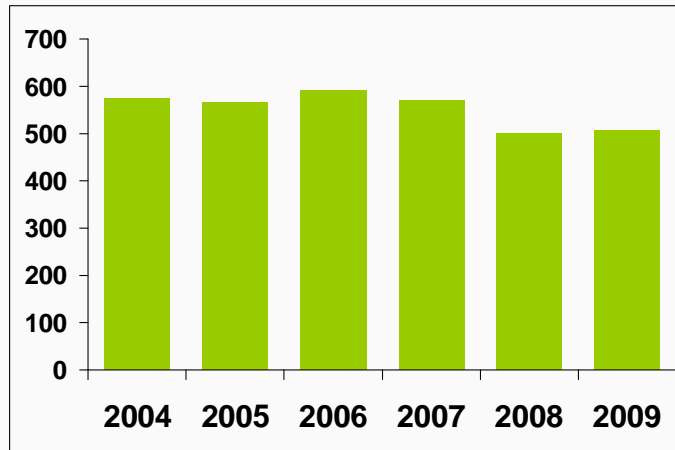
■ Continuing to Tightly Manage Operations

➔ Objective: Generate Positive Free Cash Flow






Enhancing Technological Leadership

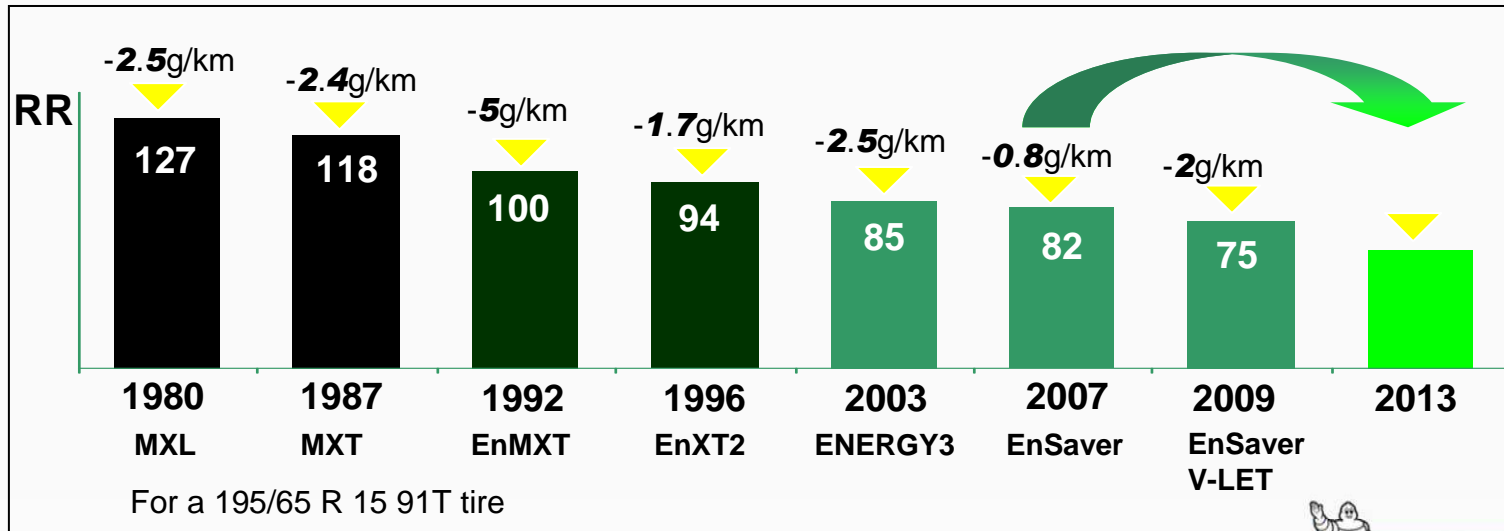
R&D Expense (in million €)



Balanced performance

-  Total cost of ownership
-  CO2 emissions
-  Safety

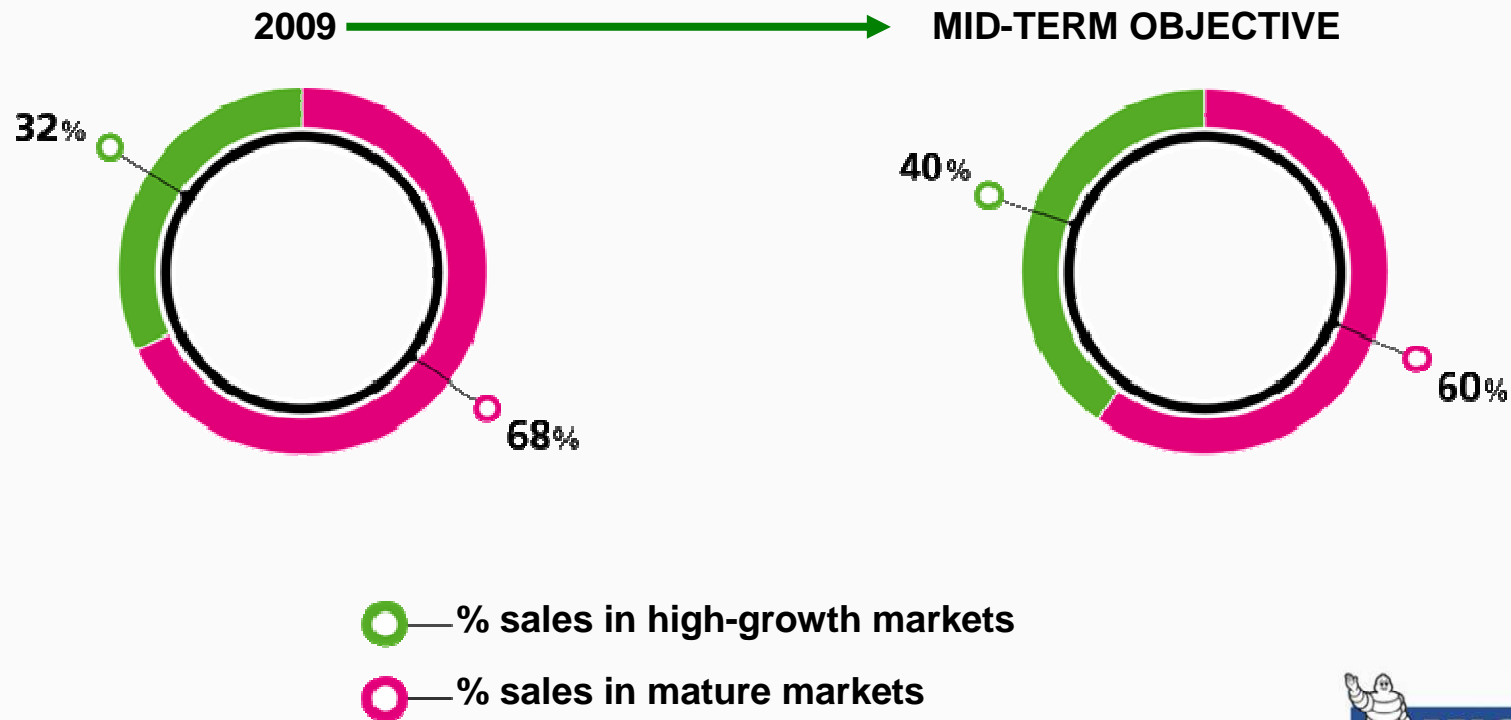
Improving rolling resistance in passenger car tires



Increasing Capacity in Growth Regions: USD 2bn capital expenses 2010 - 2012

GROWTH REGION OBJECTIVE

- ⇒ Double Passenger car & Light truck capacity by 2012
- ⇒ Increase Truck capacity by 40% by 2012



Internal Growth: 3 Greenfield Projects in Brazil, China and India.

Brazil
Investment 2006 – 2012 : 1bn\$
Of which:
New Passenger car facility
Start of production: early 2012

China
New Passenger Car & Truck facility
Investment: 800 M\$
Start of production target: 2012

India
New Truck facility
Investment: 800 M\$
Start of production target: 2012



Challenge Bibendum – Rio 2010





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June 2010



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