

NET SALES AT SEPTEMBER 30, 2013

October 28, 2013



Net Sales of €15,282m over First 9 Months, Sales Volumes Up 2% in 3rd Quarter

▶ **Markets:** up in Q3

- Europe: Q2 rebound confirmed, but level still weak
- North America: recovery in Car & Light truck tires, especially Tier 3; Truck tires still uncertain
- Emerging markets: good overall trend

▶ **Sales volumes:** up 2% in Q3

- Stable over 9 months, in line with annual objective

▶ **Price effect:** stable in Q3 in relation to H1

- Price rises in countries experiencing currency depreciation

▶ **Currency effect:** -5.3% in Q3

- Combined impact of decline in the USD and CAD (30%), JPY (10%), BRL and ARS (20%) and other currencies



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- 2 NET SALES IN LINE WITH FULL-YEAR OUTLOOK
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**MARKETS ON A GOOD TREND
IN Q3 AS EXPECTED**

Car & Light Truck: All Markets Up in Q3 except Eastern Europe

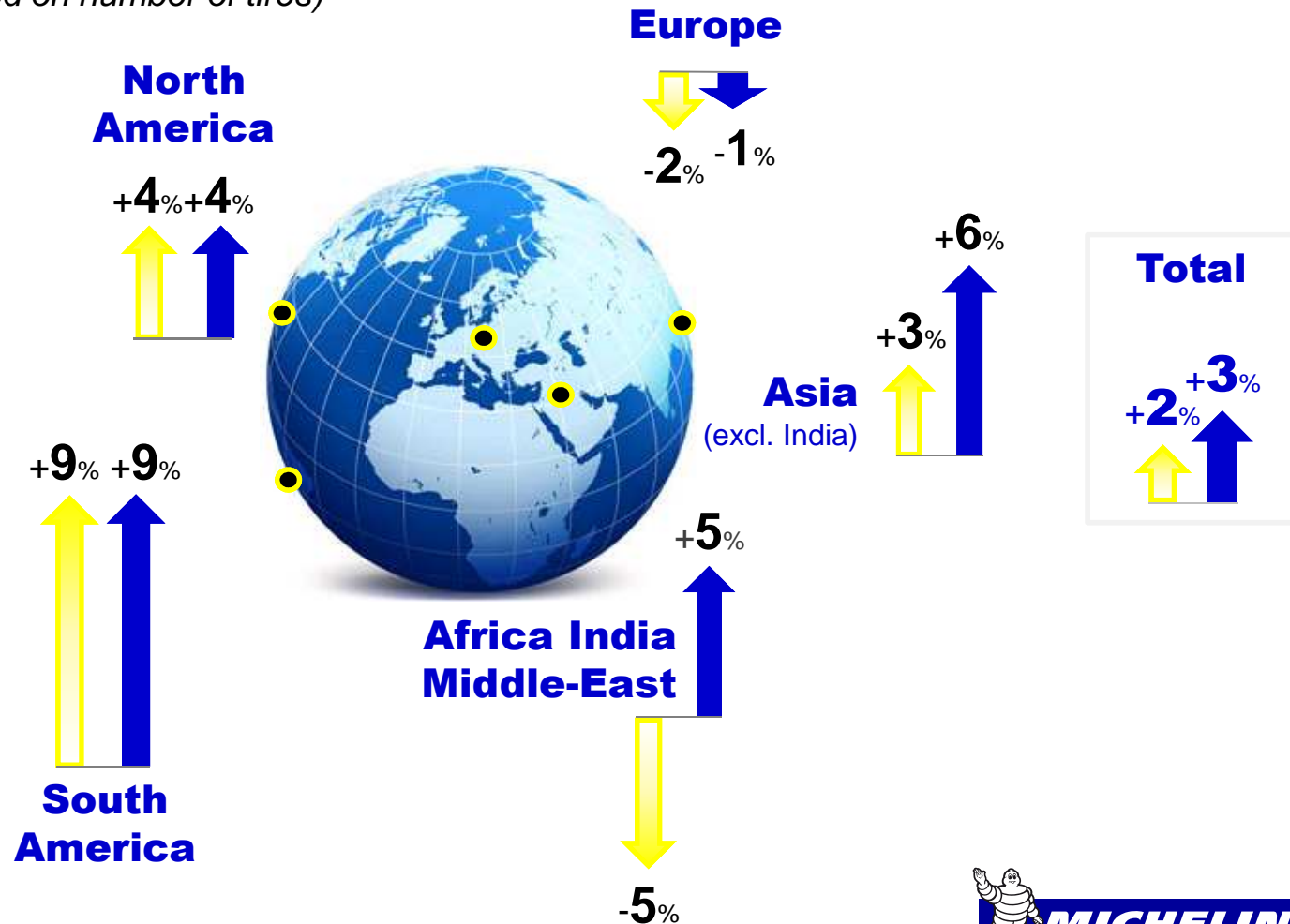
Markets at September 30, 2013

(% change YoY, based on number of tires)



▣ Original Equipment
▣ Replacement

Source: Michelin



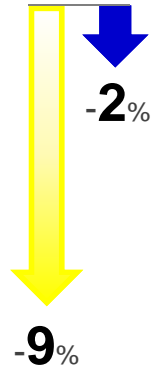
Truck: Technical Rebound in Europe but still Uncertain in North America

Radial Markets at September 30, 2013

(% change YoY, based on number of tires)



North America

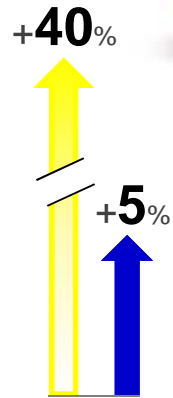
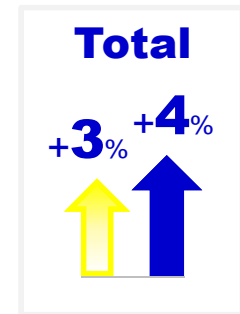
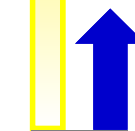


Europe



+9%

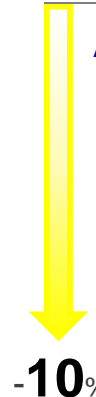
Asia
(excl. India)



South America

+7%

**Africa
India
Middle-East**



■ Original Equipment
■ Replacement

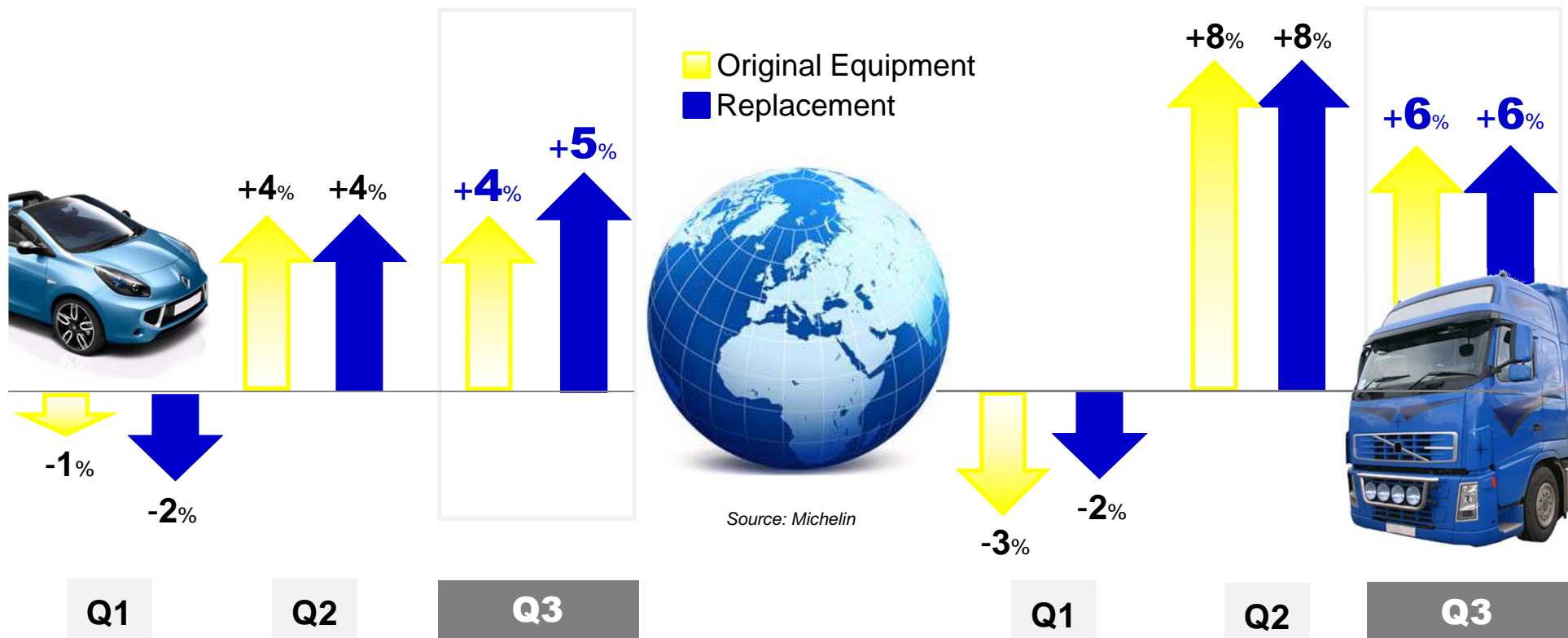
Source: Michelin



Cars & Light Trucks and Trucks: Q3 Continues on Q2 Trend

2013 worldwide markets by quarter

(% change YoY, based on number of tires)



Source: Michelin

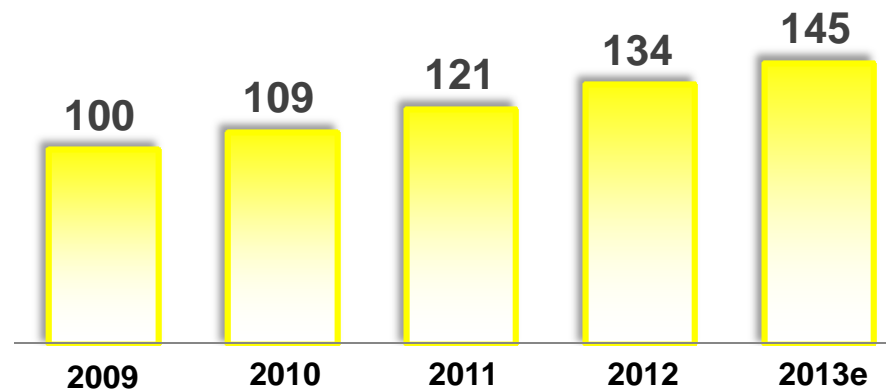


Earthmover: Slower Growth in Mining; Other Markets Sensitive to the Business Environment

► Mining: slower growth



Mining Markets (in tons, base 100 in 2009)



► Other Earthmover: difficult market conditions

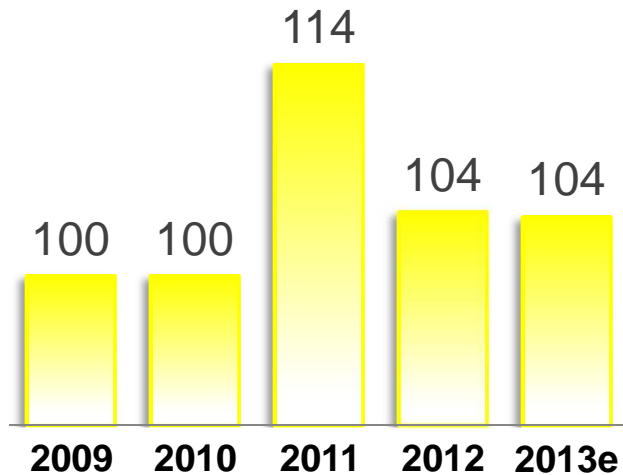
- Original Equipment: sharp decline
- Infrastructure: continued inventory draw-downs



Agricultural: Stable Overall, with Growth in Technical Tires

Agricultural Markets

(base 100 in 2009, in number of tires)



- ▶ Slower demand for OE tires
- ▶ Slight recovery for RT in Europe
- ▶ Growth in demand for technical tires



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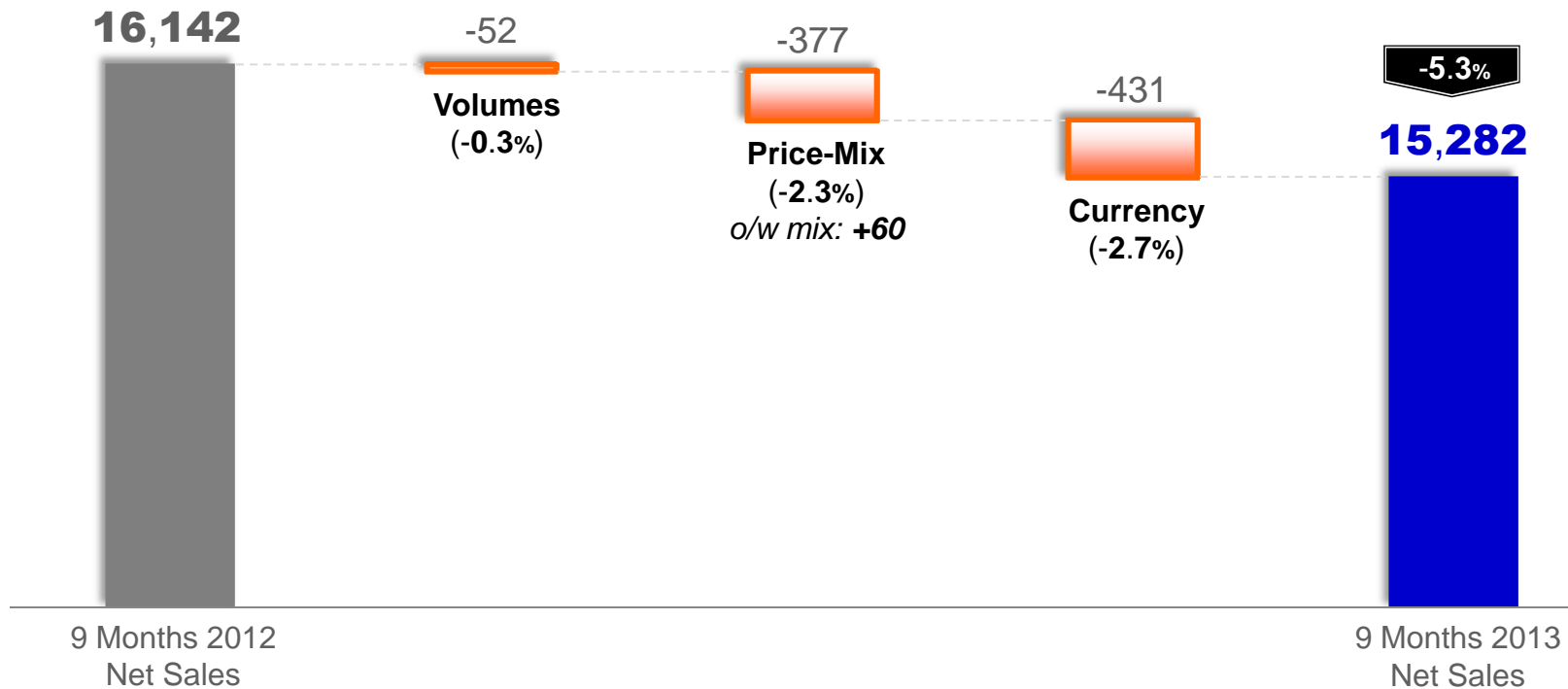
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NET SALES IN LINE WITH FULL-YEAR OUTLOOK

Volumes in Line with Full-Year Forecasts

YoY change

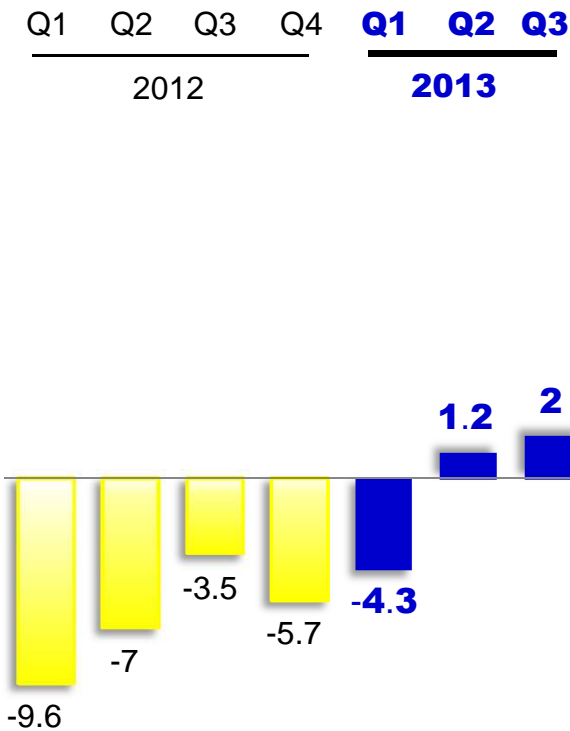
(in € millions and as a % of net sales)



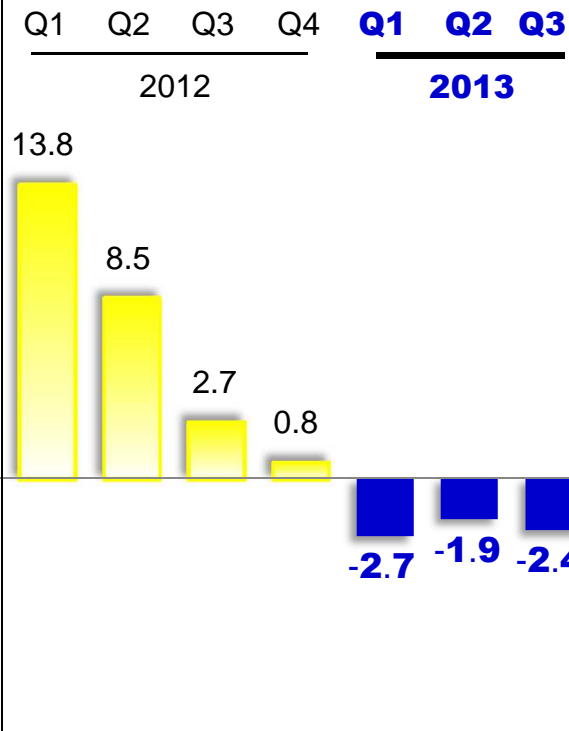
Continued Growth in Q3, Stable Price Effect and Significant Currency Effect

% change YoY

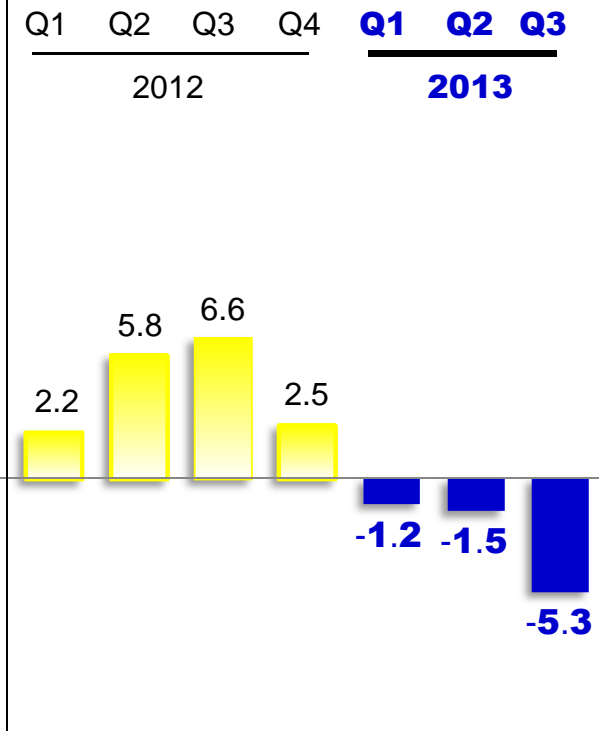
► Volumes



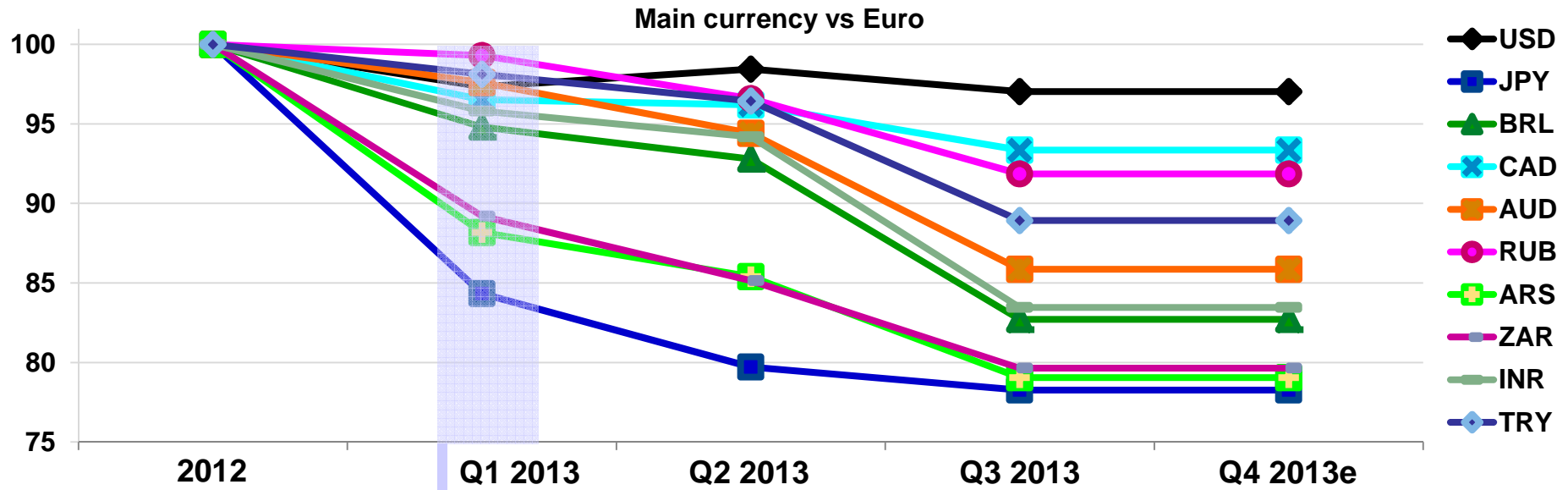
► Price-mix



► Currency



Significant Currency Effect: USD and JPY Generally in Line with our February Assumptions



	Guidance 02/2013	Q1 2013	Q2 2013	H1 2013	Q3 2013	9M 2013
Net sales		4,877	5,282	10,159	5,123	15,282
Currency effect / Net sales		-61	-82	-143	-288	-431
Operating income	Flat			1,153		
Currency effect / Op. income		-100/-150		-49		



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3 OPERATING SEGMENTS



Passenger Car & LT and Related Distribution: Stepped-up Growth in Q3

Passenger car and Light truck (in € millions)



	9 months 2013	9 months 2012	Change
Net Sales	8,023	8,298	-3.3%
Volume growth	+0.9%		

► Volumes

- Strong upturn in sales (up 4% in Q3)
- Winter market down as expected

► Price-Mix

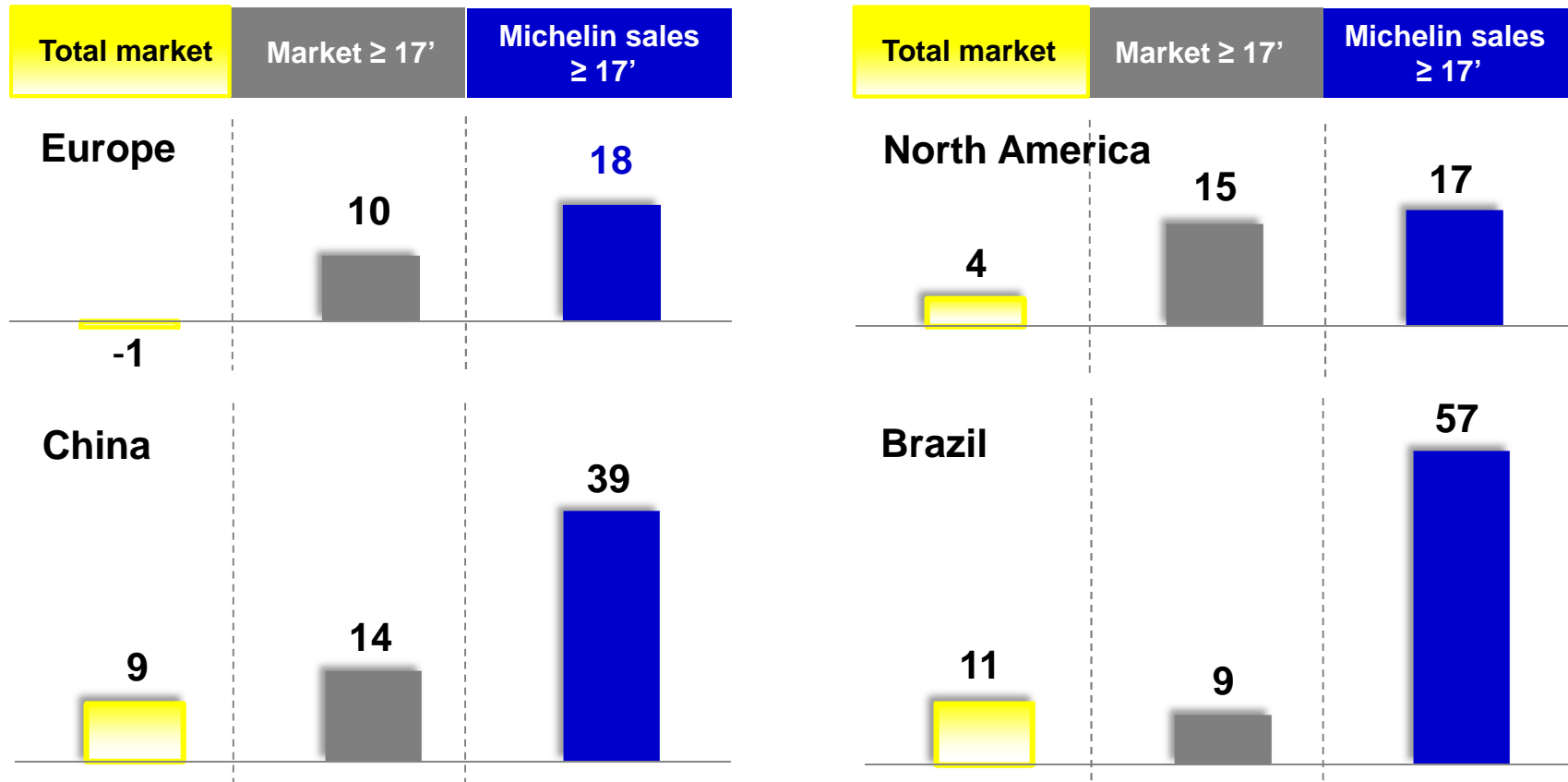
- Price: managed repositioning
- Mix: favorable, led in particular by ≥17'



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

Growth in the replacement Car & Light truck market

(YoY change at end-September 2013, in %)



Truck & Associated Distribution: Continued Improvement

Truck

(in € millions)



	9 months 2013	9 months 2012	Change
Net Sales	4,781	5,044	-5.2%
Volume growth	-0.6%		

- ▶ Priority given to Truck tire profitability improvement
- ▶ Favorable impact from raw materials
- ▶ Unfavorable currency effect cushioned by price increases in markets experiencing currency depreciation



Specialty: Resilience in a Difficult Environment

Specialty Businesses

(in € millions)

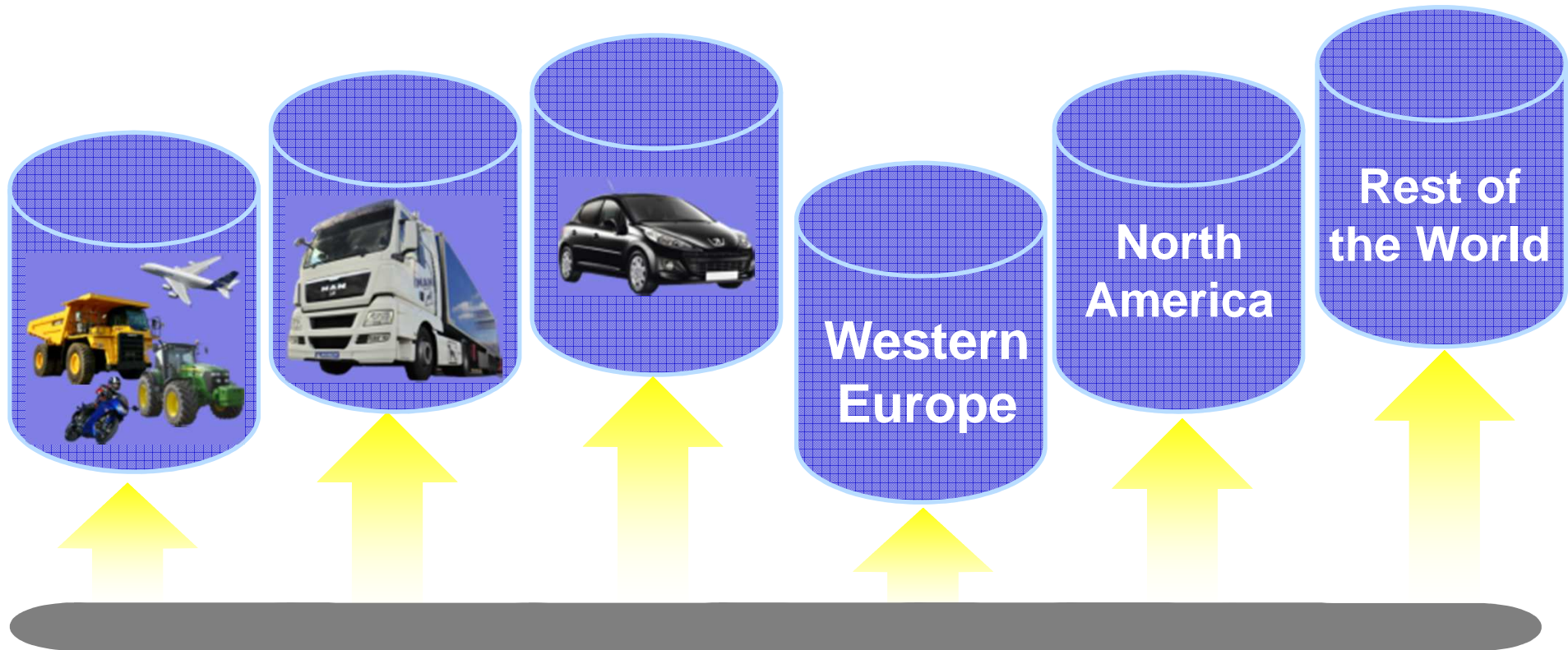


	9 months 2013	9 months 2012	Change
Net Sales	2,478	2,800	-11.5%
Volume growth	-4.2%		

- ▶ Growth in Mining sales and weakness in Earthmover OE and Infrastructure
- ▶ Good sales dynamic for Agricultural OE
- ▶ Contractual price adjustments in Mining and Earthmover and Agricultural OE
- ▶ Unfavorable currency effect

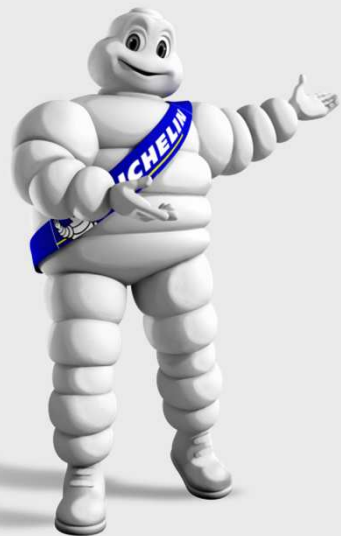


A Natural Hedging through Balanced Geographic Exposure and Business Portfolio



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4 2013 GUIDANCE

2013 Markets in Line with the Original Scenario

EUROPE



NORTH AMERICA



NEW MARKETS



MINING



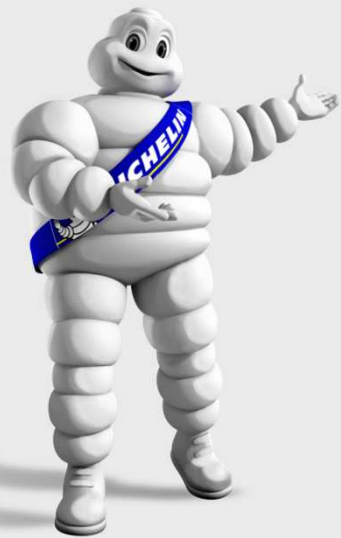
2013 Objective: Operating Income* excluding the Currency Effect up around €150m YoY

- ▶ **Unfavorable currency environment**
- ▶ **Group steering to offset the currency effect:**
 - Volumes up in Q4
 - Margin management: positive price-mix / raw materials ratio
 - Tighter management of production costs and SG&A
- ▶ **FCF confirmed in line with structural objective of €500m**
 - Capital spending of around €2bn
- ▶ **ROCE > 10%**

* : *before non-recurring*

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4 2014 OUTLOOK

2014 Outlook

MATURE MARKETS



NEW MARKETS



SPECIALTY MARKETS

Mining

EM OE & Infra

Agricultural

► 2014 operating margin* targets:

SR1

- from 10 to 12%
- in the middle

SR2

- from 7 to 9%
- at the upper end

SR3

- from 20 to 24%
- at the lower end

* : *before non-recurring*

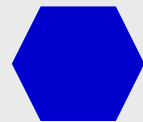
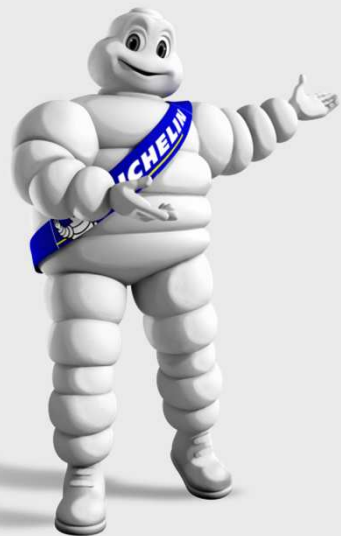


Key Takeaways

- ▶ Volumes up in Q3 as expected
- ▶ Heavily unfavorable currency environment in Q3 and H2
- ▶ Group steering: objective to offset the annual currency effect as much as possible

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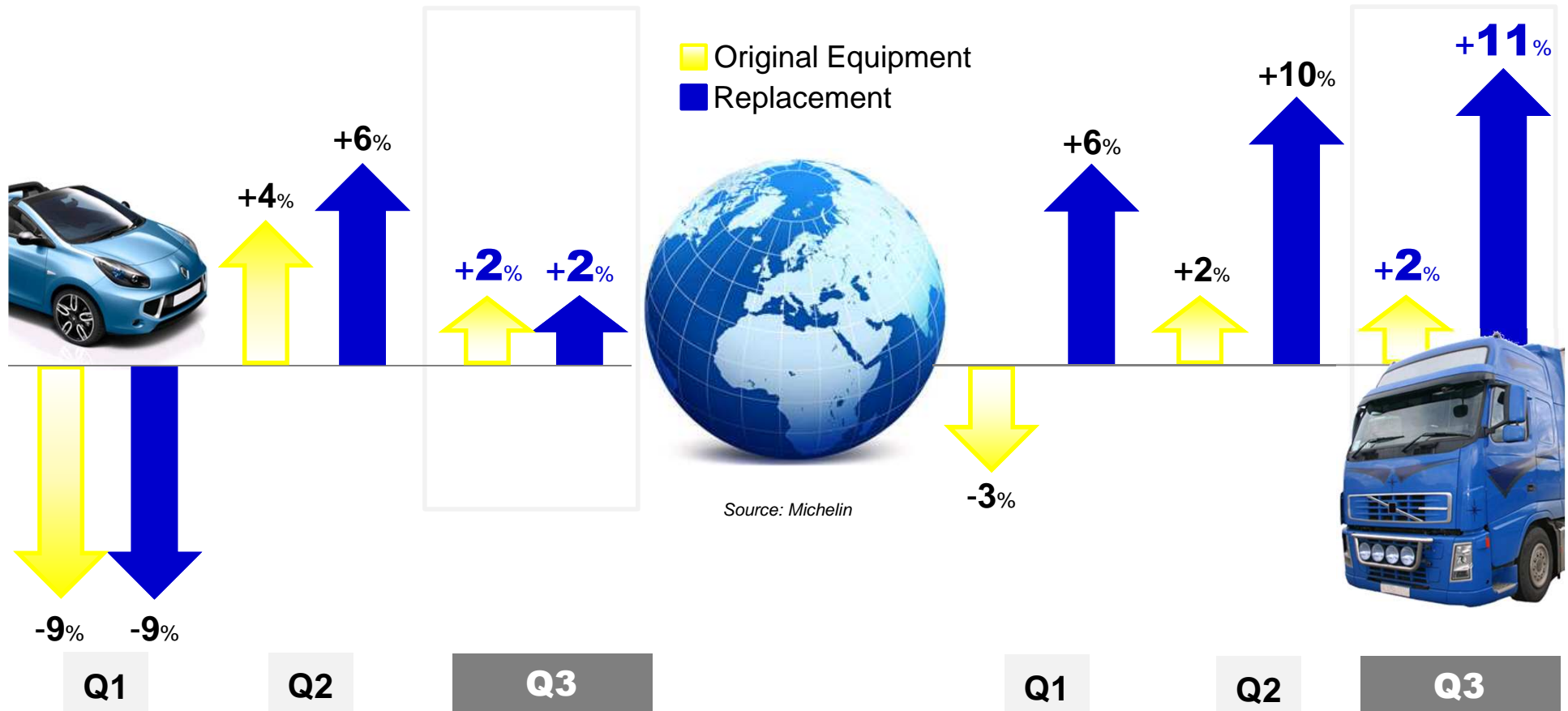
APPENDICES



Europe: Rebound Confirmed in the West and Downturn in Eastern Europe in 3rd Quarter

Quarterly performance at September 30, 2013

(% change YoY, in number of tires)



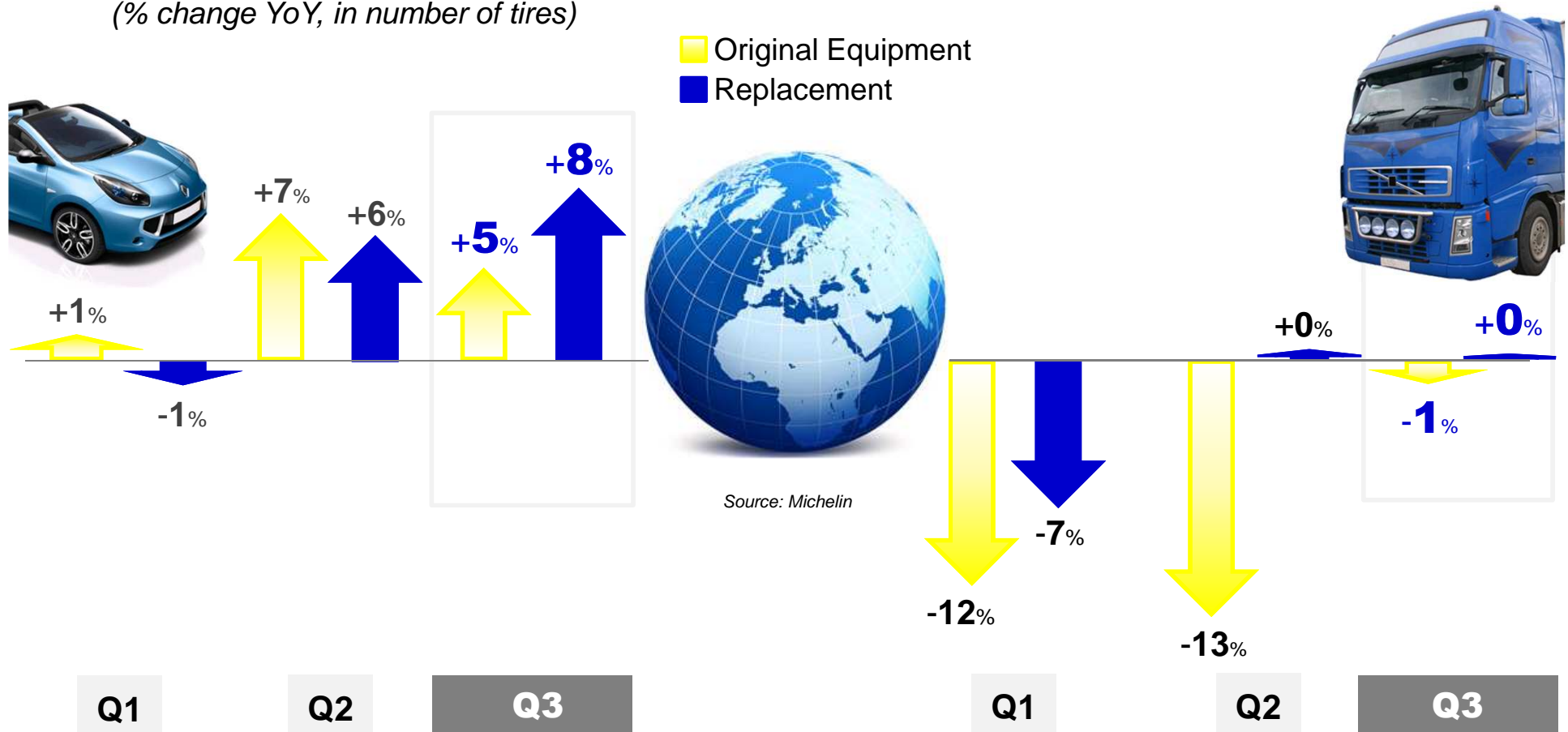
Source: Michelin



North America: Recovery in Car and Light Truck Market; Truck Market Still Uncertain

Quarterly performance at September 30, 2013

(% change YoY, in number of tires)



Source: Michelin



The Pillars of our Strategy



Contacts

Investor Relations

**Valérie Magloire
Matthieu Dewavrin**

+33 (0) 1 78 76 45 36

**27, cours de l'île Seguin
92100 Boulogne-Billancourt - France**

investor-relations@fr.michelin.com

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