



# Net Sales at September 30, 2012

**October 22, 2012**





# Net sales up 5.9% to €16.1 billion

## ■ Markets

- *Unfavorable economic environment, especially in Europe*

## ■ Volumes

- *Down 6.7%, in line with expectations*
- *Volumes stable quarter on quarter since the end of 2011*

## ■ Price mix

- *Up 8.2%, still positive despite contractual adjustments in the Earthmover segment*



# OUTLINE



01

Weak demand, particularly in mature markets

02

Net sales in line with expectations

03

Reporting segments:  
still favorable price mix

04

2012 guidance





01

# Weak demand, particularly in mature markets

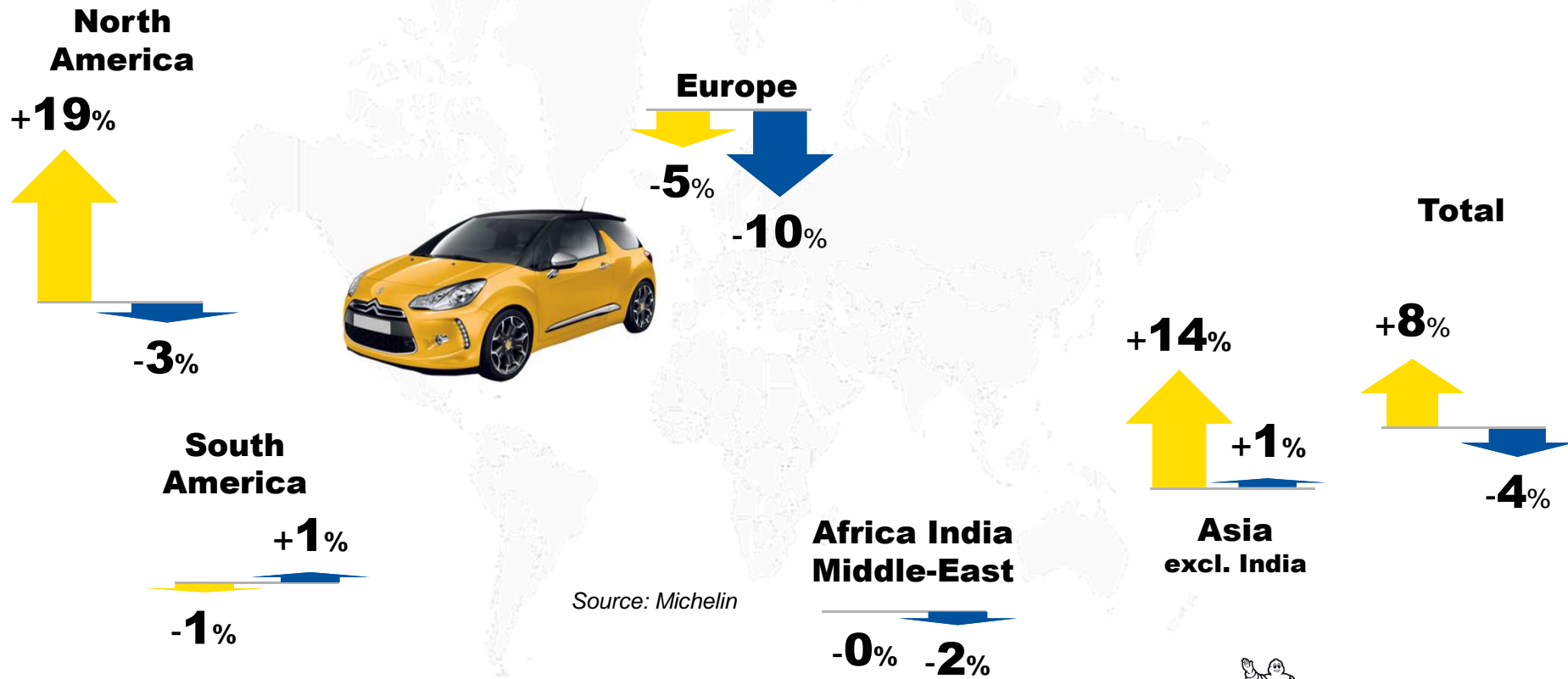




# Passenger car and light truck tires: unfavorable economic environment, especially in Europe

## Markets at September 30, 2012 (% change YoY, based on number of tires)

- Original equipment
- Replacement

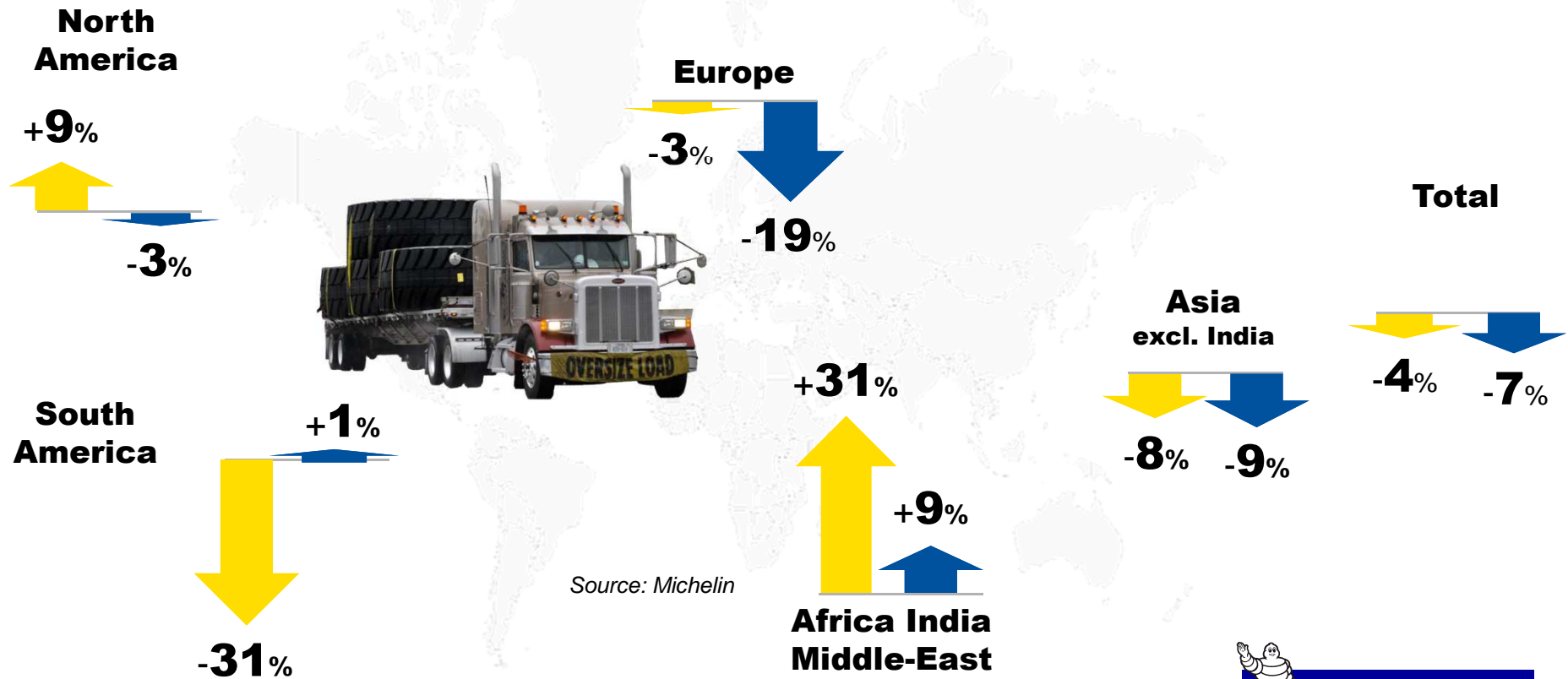




# Truck tires: unfavorable economic environment, especially in Europe

## Radial markets at September 30, 2012 (% change YoY, based on number of tires)

- Original equipment
- Replacement



Source: Michelin

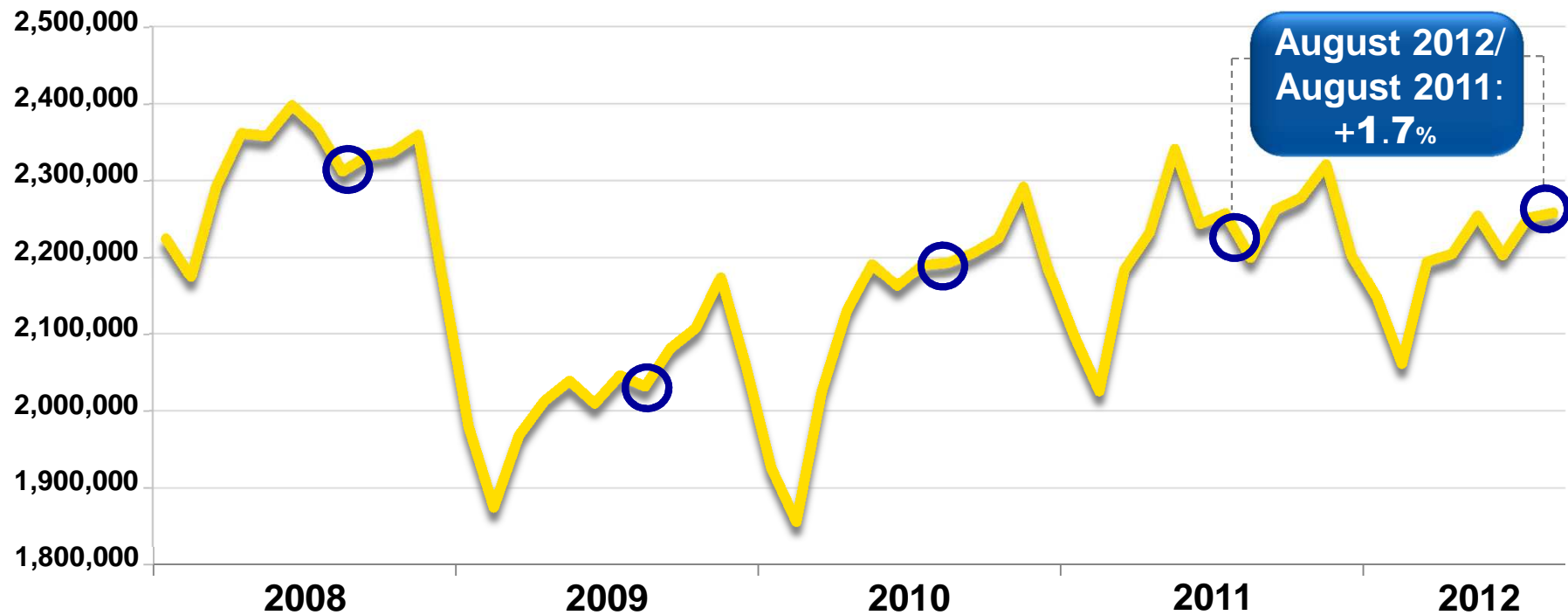




# German freight still lagging 2008 levels

## German freight (rolling 3 months)

(Freight kilometers driven in Germany, in thousands)



Source: Bundesamt für Güterverkehr

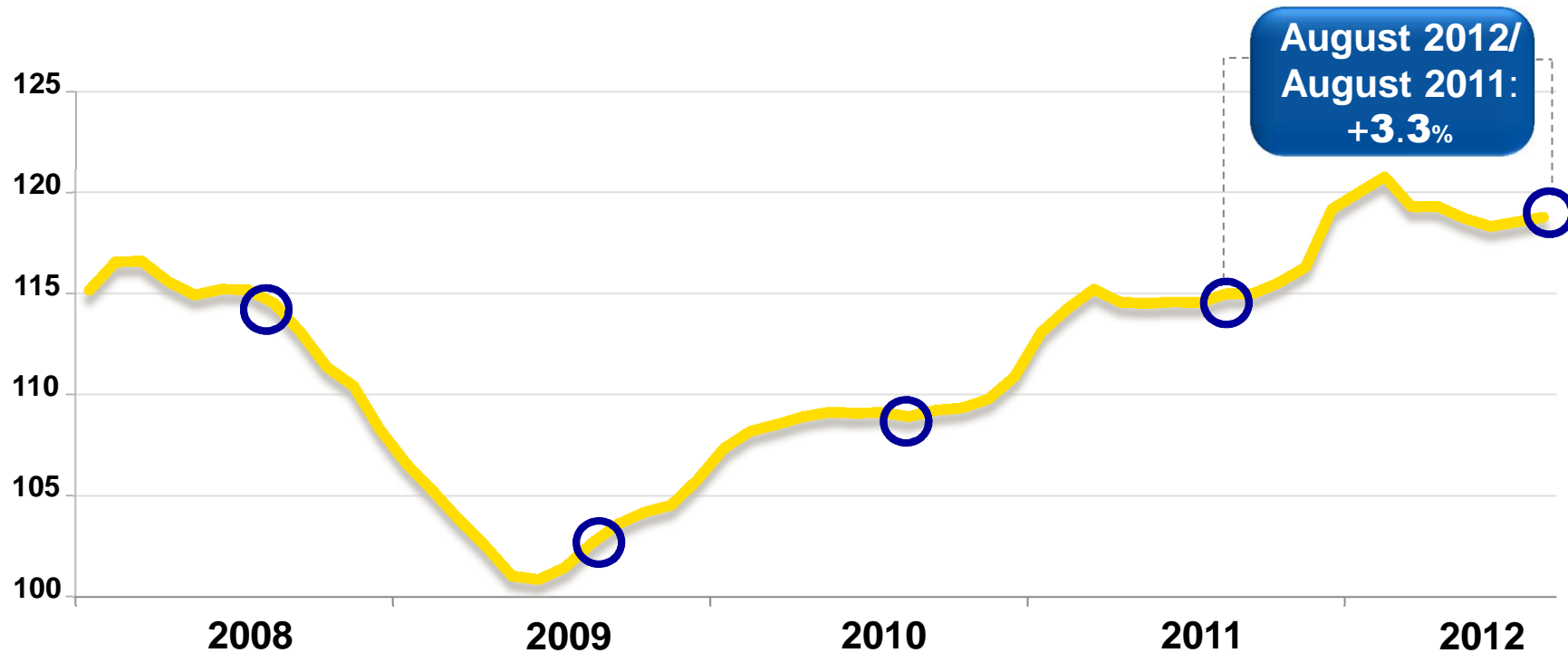




# US freight outpacing 2011 and 2010

## US freight (rolling 3 months)

(Freight tonnage in the United States - Base 100 in 2000)



Source: ATA Truck Tonnage Index



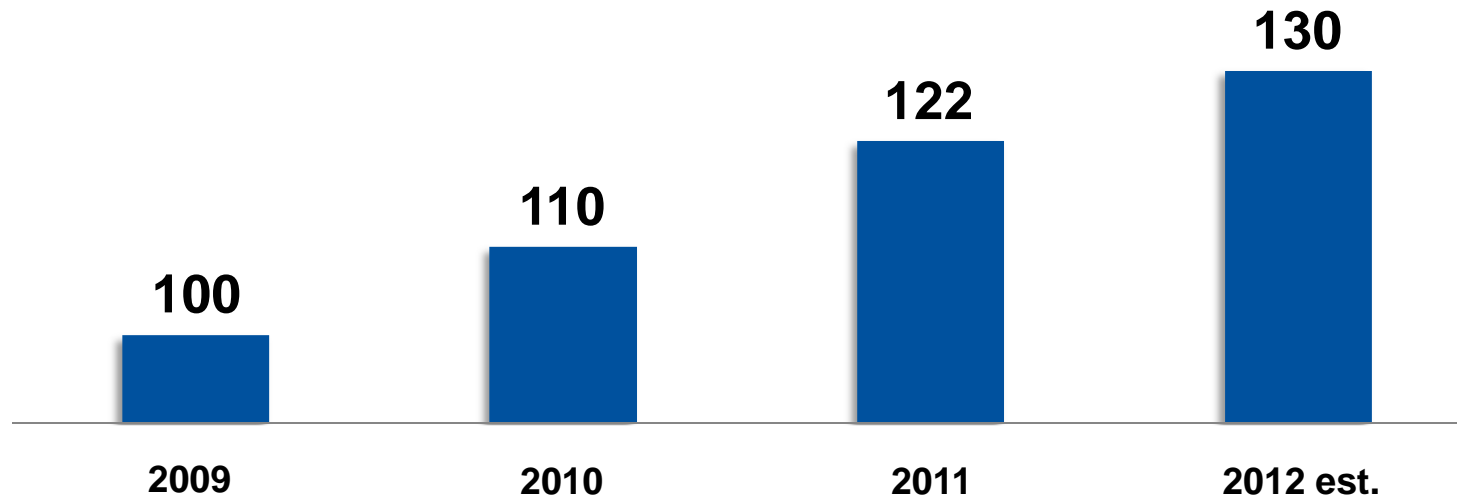




# Specialty tires: robust mining demand

## Mining tire market

(In tonnes, base 100 in 2009)



Source: Michelin





02

## Net sales in line with expectations

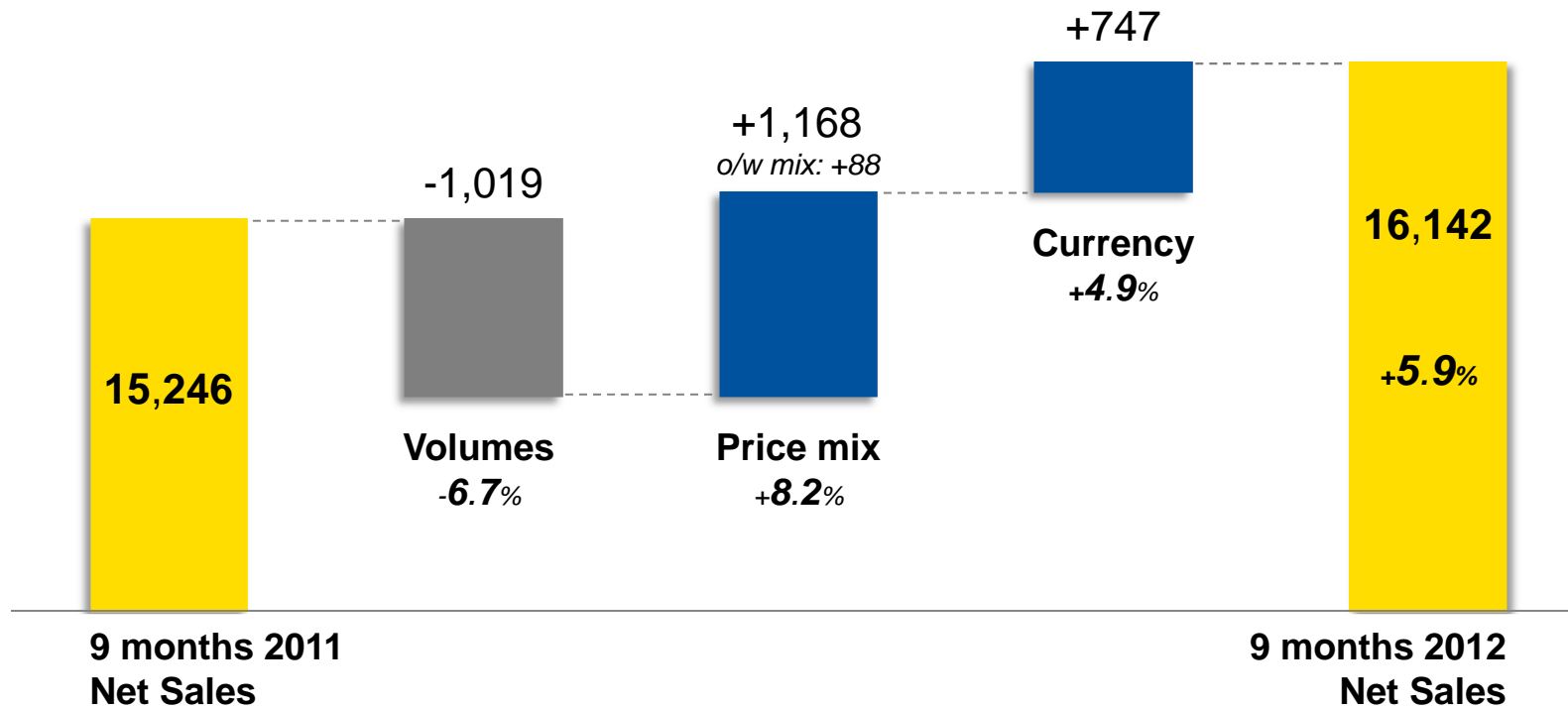




# Growth in net sales led by sustained favorable price mix

## YoY Change

(in € Millions and as a % of Net Sales)







03

## Reporting segments: still favorable price mix





# Passenger car and light truck tires and related distribution: price effect and performance of the MICHELIN brand

## Passenger Car and Light Truck



In € millions	9 months 2012	9 months 2011	% Change
Net sales	8,298	7,916	+4.8%
Volume change	-5.6%		

- OE market expanding, replacement markets more mixed
- Volumes down 5.6% versus a 6.4% decline as of June 30, reflecting:
  - *Stable tonnages sold since end-2011*
  - *Now more favorable bases of comparison*
- Winter market: performance in line with Group objectives in a market expected to decline





# Truck tires and related distribution: net sales up thanks to the price and mix effects

## Truck



In € millions	9 months 2012	9 months 2011	% Change
Net sales	5,044	4,995	+1.0%
Volume change	-12.4%		

- Markets still difficult
- Volumes steadily trending slightly upwards quarter after quarter since end-2011
- Strong focus on unit margins
- Sustained strategic commitment to improving profitability in the Truck tire business





# Specialty businesses: sustained strong growth in mining tires

## Specialty businesses



In € millions	9 months 2012	9 months 2011	% Change
Net sales	2,800	2,335	+19.9%
Volume change	+4.8%		

### ■ Contrasted markets

#### ● *Earthmover:*

- Sustained strong growth in mining tires
- More challenging market environments in OE and infrastructure

#### ● *Agricultural:*

- Slowing demand despite high farm commodity prices

### ■ Ytd price and mix effects still favorable after the July 1 contractual adjustments

### ■ Positive currency effect







04

# 2012 Guidance





## 2012 guidance confirmed

- **Clear increase in operating income before non-recurring items**
  - *Raw materials tailwind in H2 between €200m and €300m*
- **Positive free cash flow after capital expenditure increased to around €400m to €500m, before the impact of the Paris building**
  - *Around €2,000m in capex*
- **Slight decline in volumes**
  - *Still uncertain economic environment, especially in Europe*
  - *Annual tonnages down around 5%*





# Contacts

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