

# Net Sales for the Nine Months Ended September 30, 2011

October 26, 2011





## **Nine-month net sales up 17.3% to €15,246 million**

- ▶ **Sales volumes up 9.3%**
- ▶ **Markets expanding, despite slower momentum in the third quarter**
- ▶ **Solid performance by the MICHELIN brand**
- ▶ **Pricing policy added 10.0% to nine-month sales growth and, as announced, will offset the full-year impact of the raw materials headwind**



# Outline

- **Net sales:**  
*Sustained firm growth*
- **Markets:**  
*Slowing momentum*
- **Reporting segments:**  
*Varying growth*
- **Guidance:**  
*Vigilance and measured optimism*



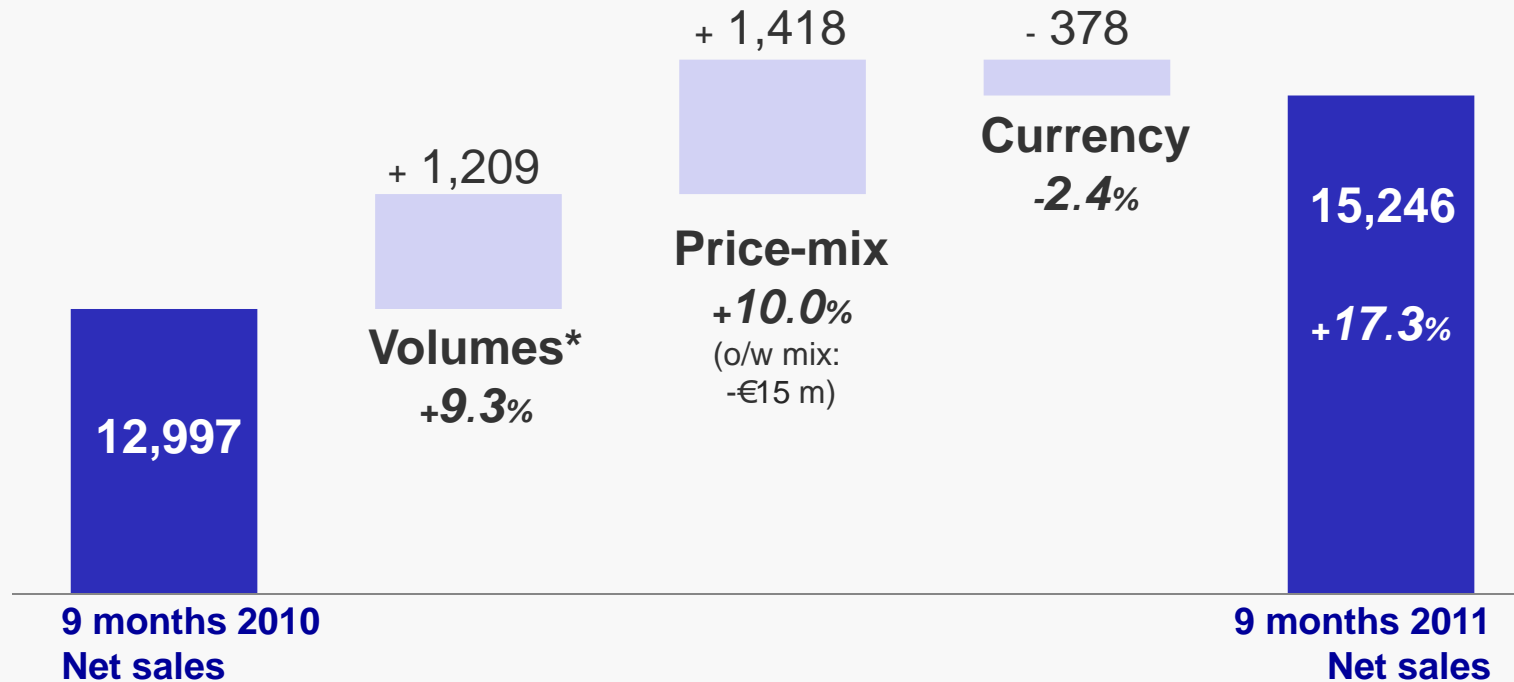
*Net sales:  
Sustained firm growth*





# Tangible growth in sales volumes Efficient pricing policy

YoY Change in € Millions and as a % of Net Sales



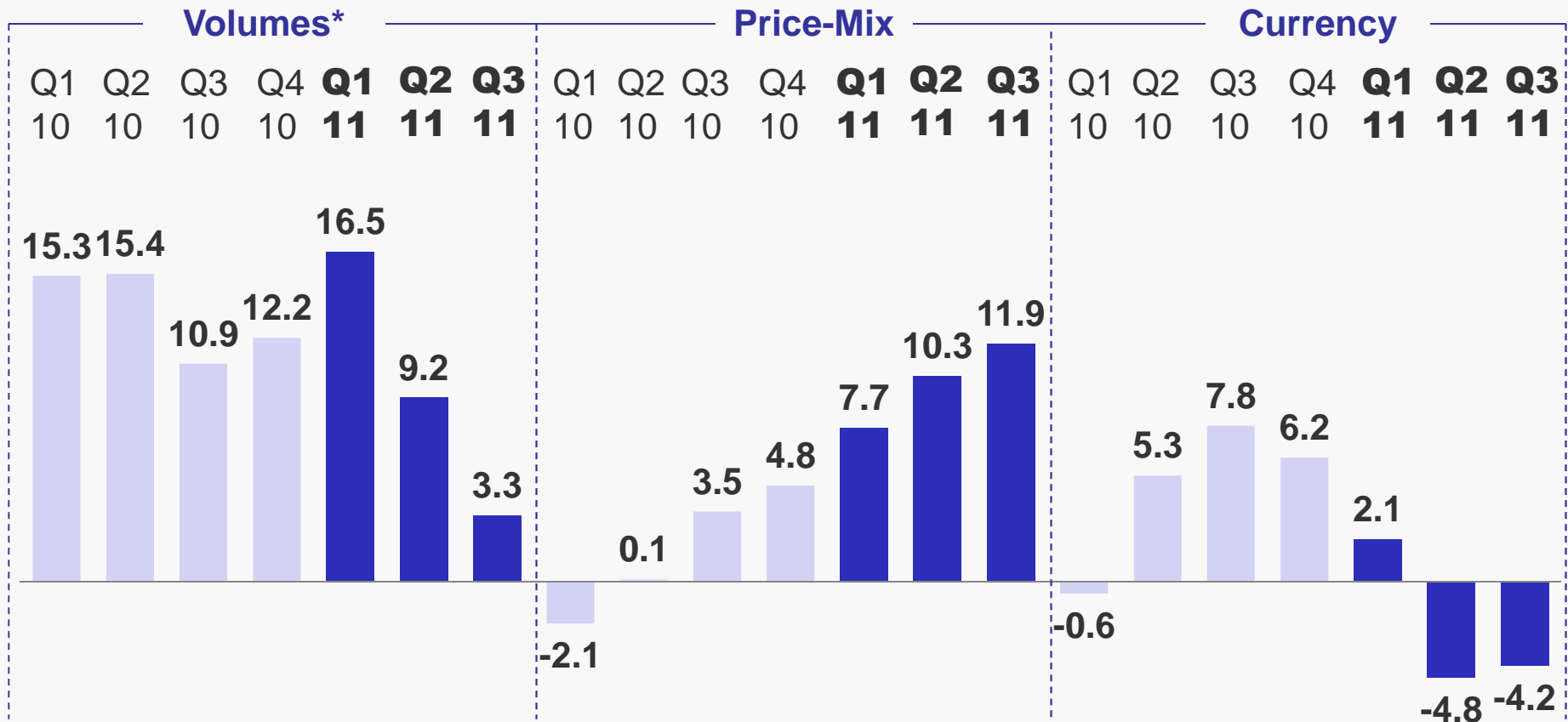
\* Volumes in tonnes





# A sharply rising price effect

% Change YoY



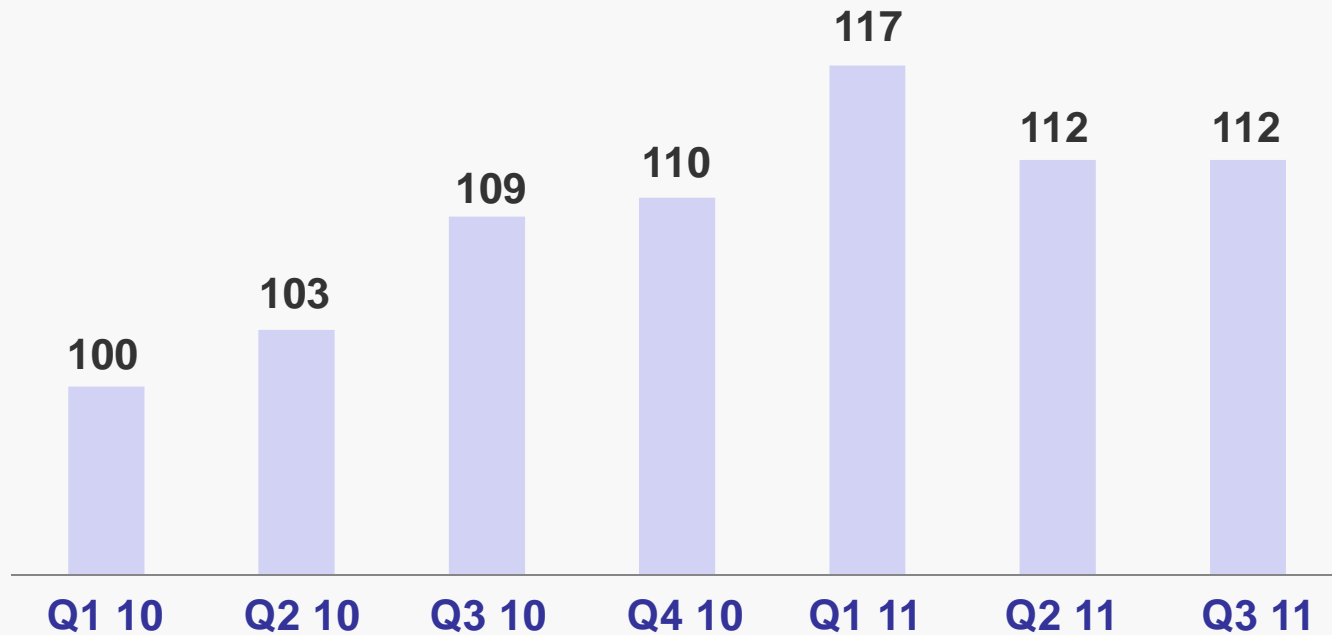
\* Volumes in tonnes





# Robust volume growth off of high prior-year comparatives

*Tonnage (Base 100 = Q1 2010)*



**Markets:**  
*Slowing momentum*

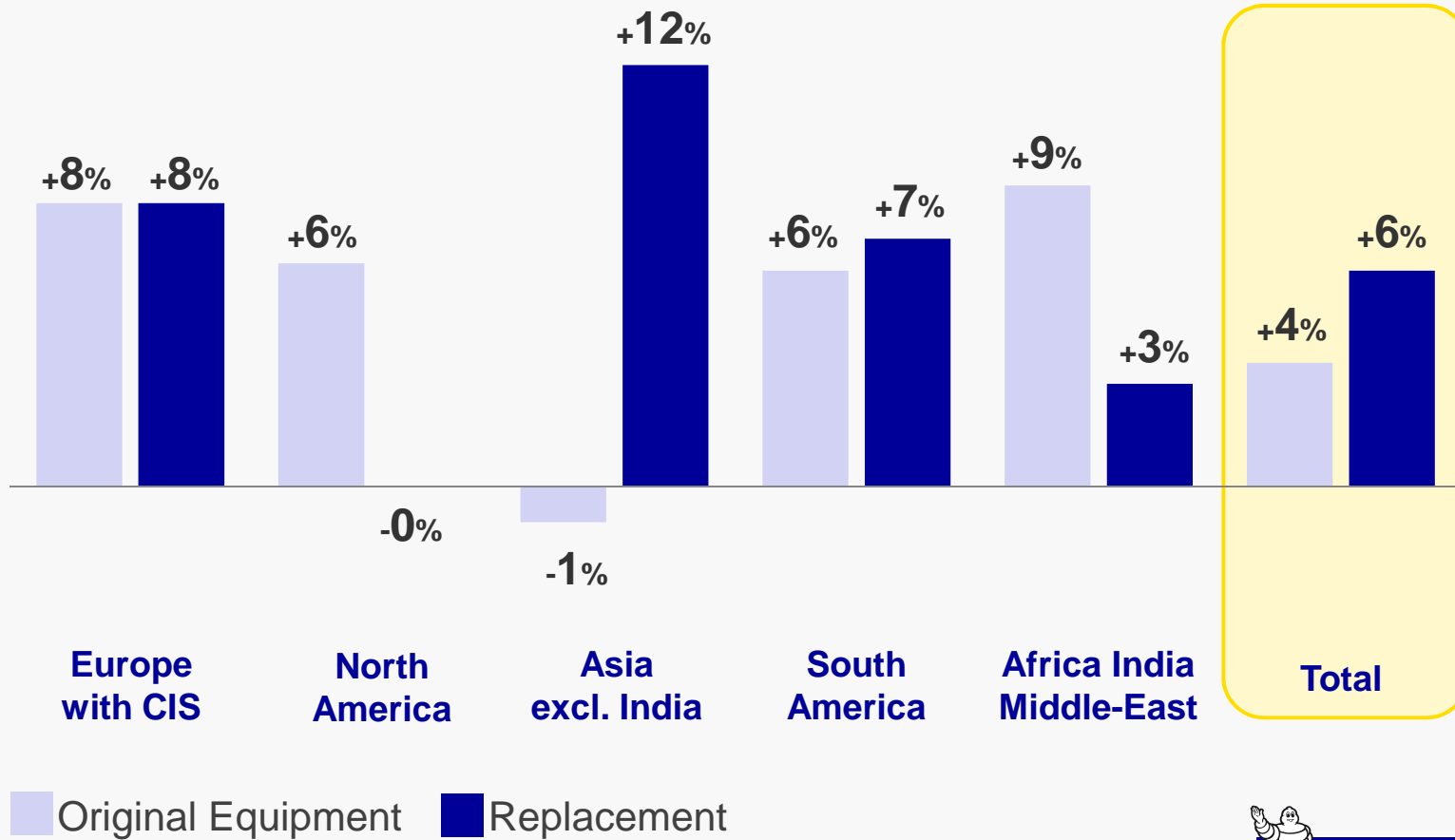






# Car and Light Truck Tires: sustained growth, strong OE except Japan

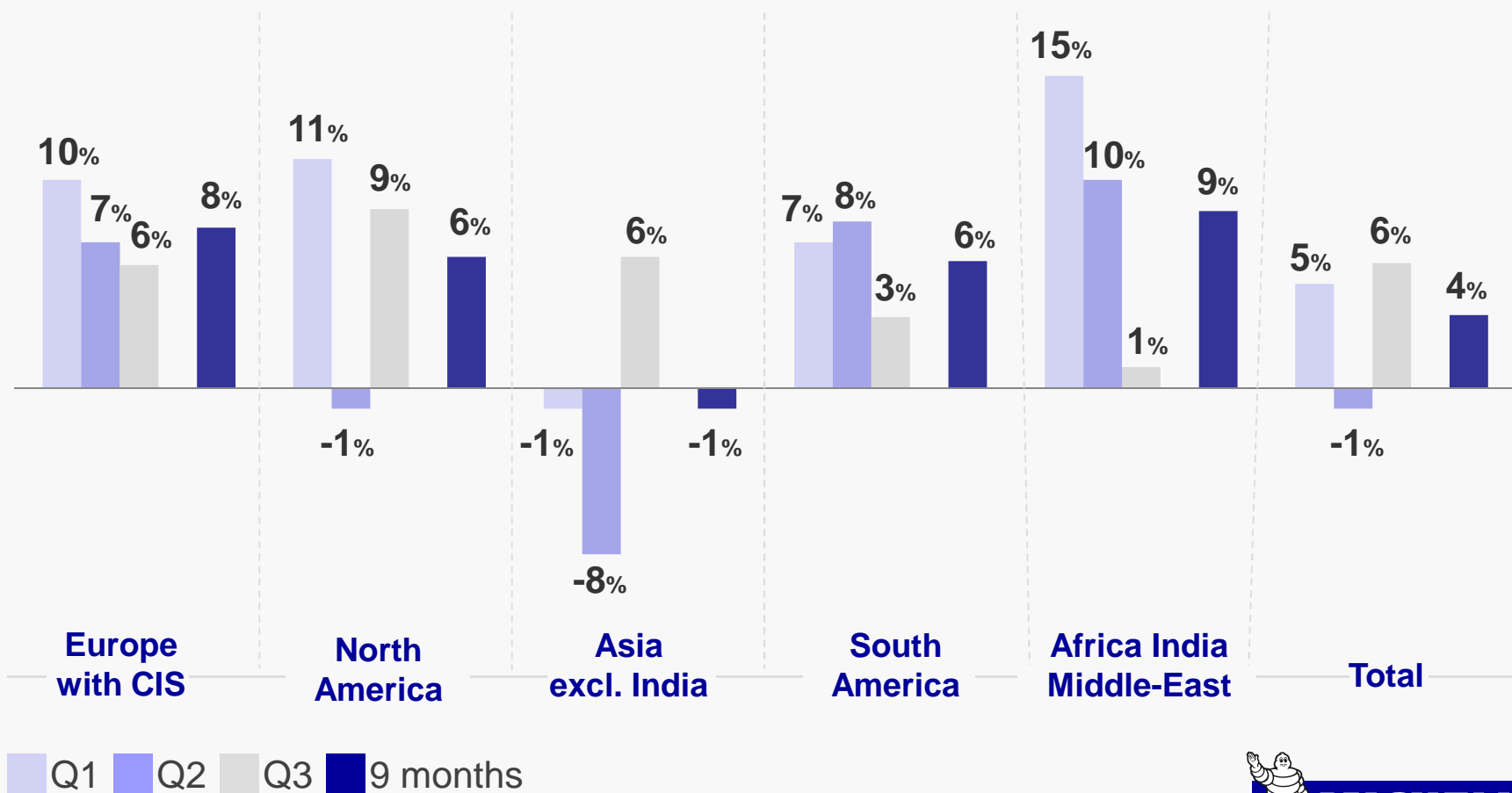
Markets at Sept. 30, 2011 (change in number of tires)





# OE Car and Light Truck markets: cloudy economic outlook had little impact in Q3

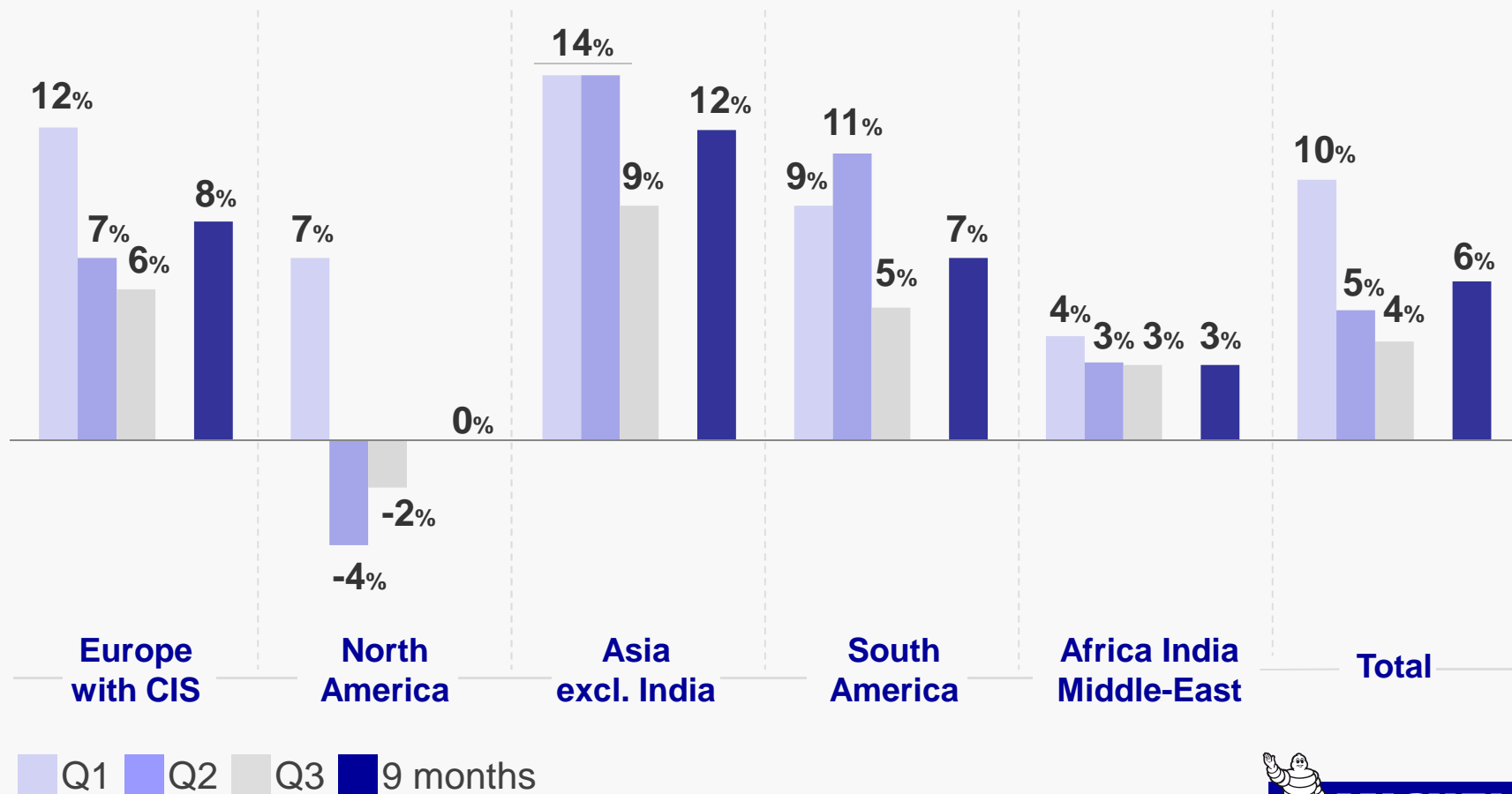
OE Car & Light Truck Markets 2011 / 2010  
(change in number of tires)





# Replacement Car and Light Truck markets: a return to long-term trends

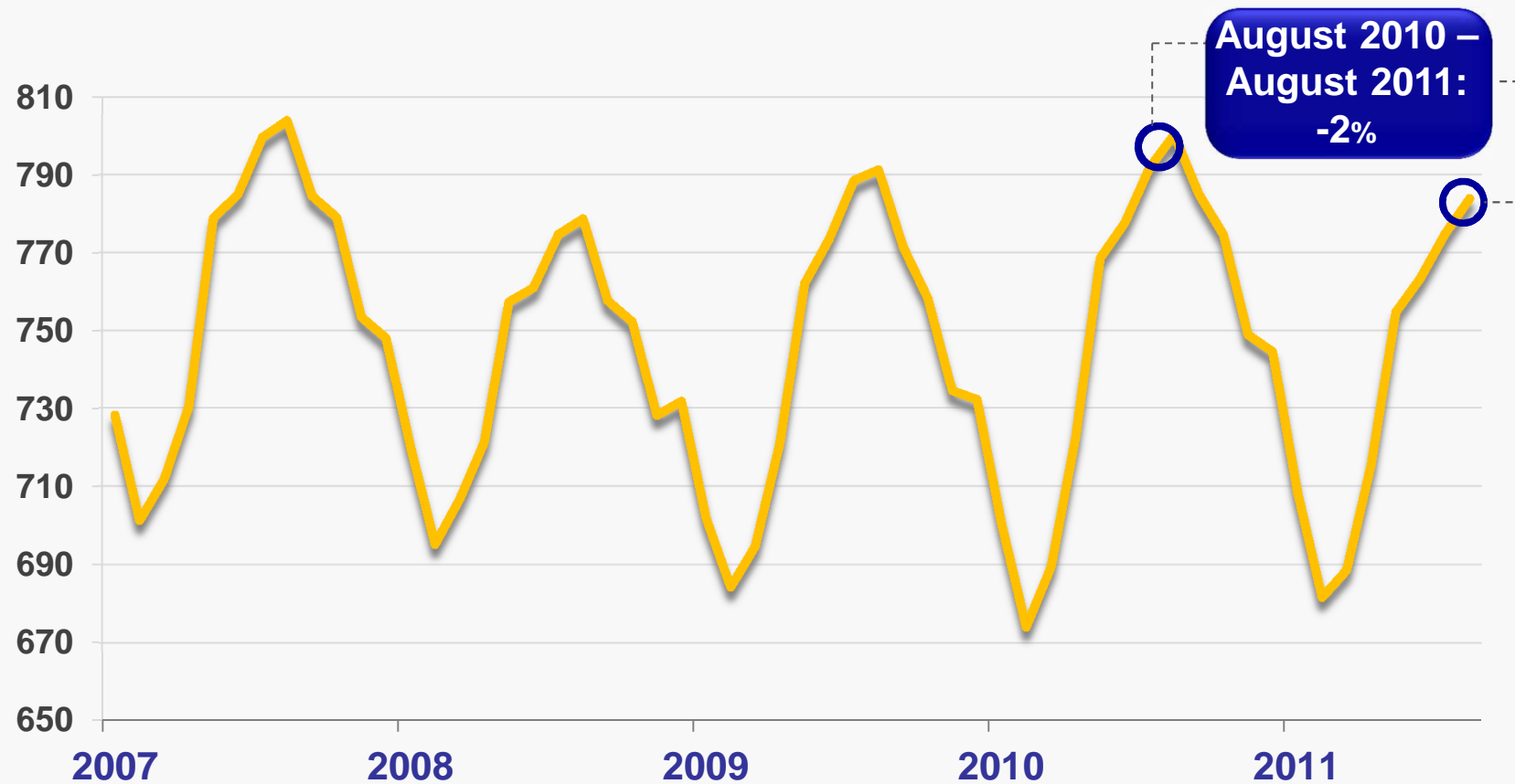
Replacement Car & Light Truck Markets 2011 / 2010  
(change in number of tires)





# US vehicle miles driven stable

US Miles Driven (rolling 3 months)



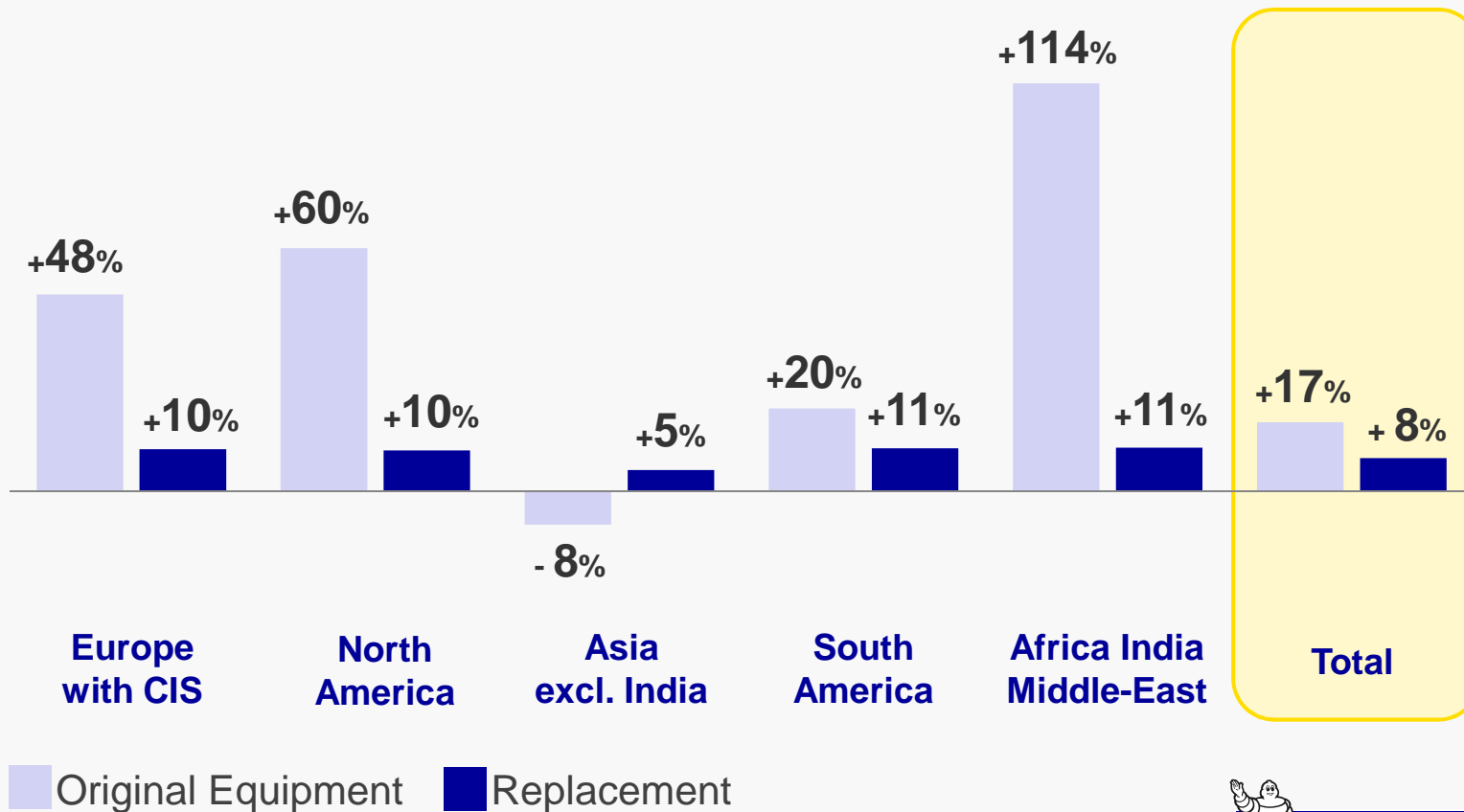
Source: US department of transportation / Federal Highway Administration





# Truck Tires: sharp rebound in OE sales

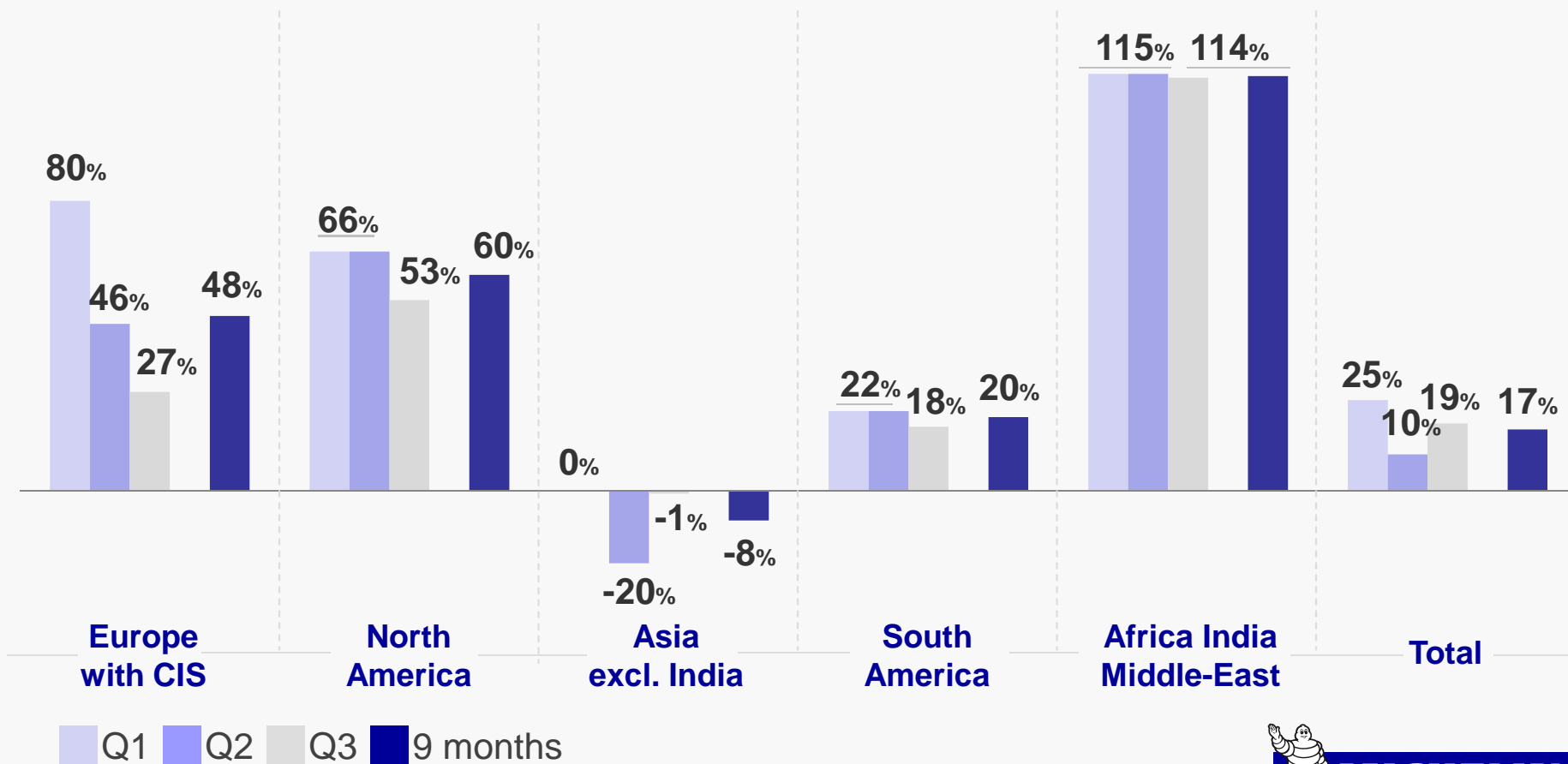
*Radial Truck Market as at September 30, 2011 / 2010  
(change in number of tires)*





# OE Truck markets: still strong rebound in mature markets

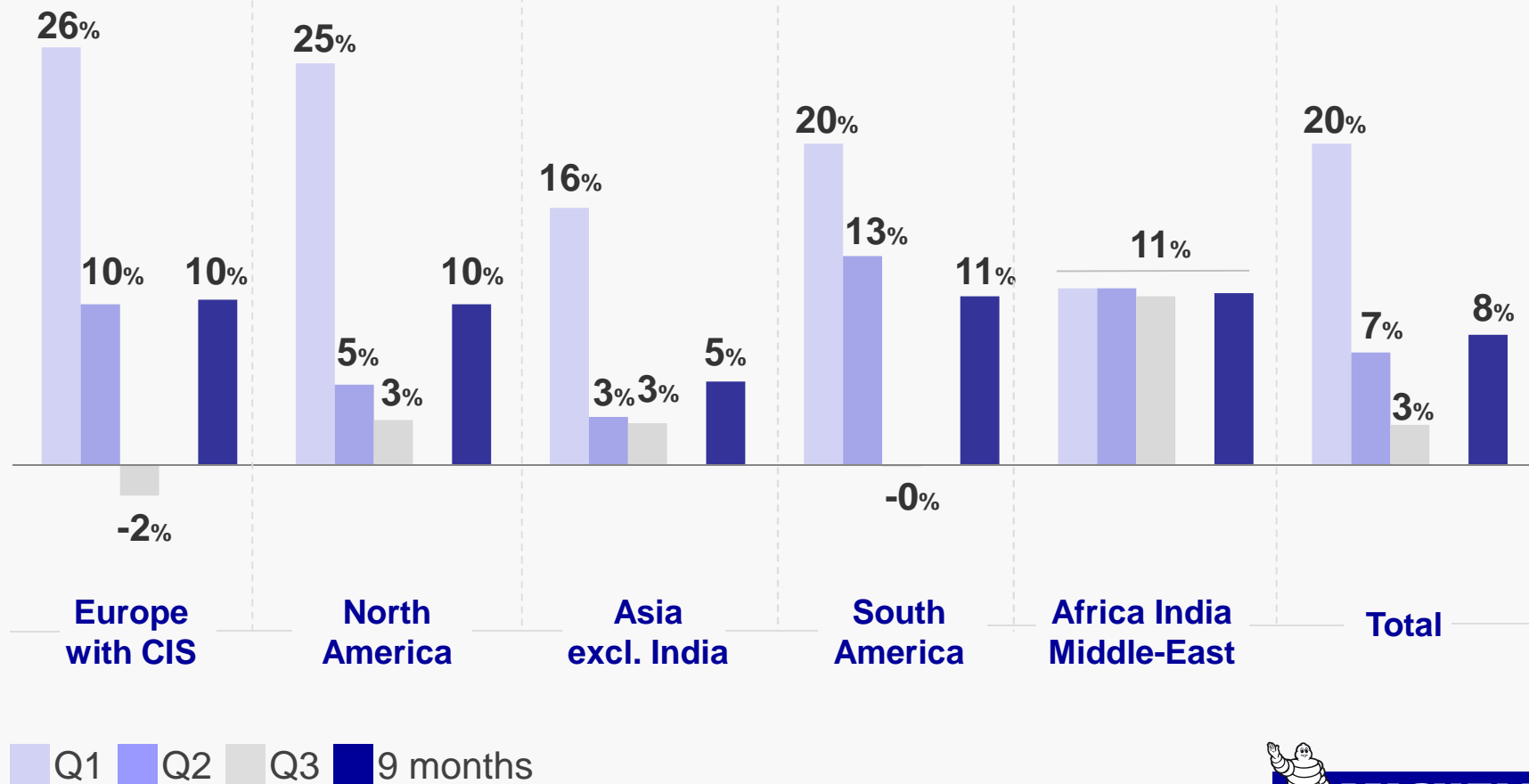
OE Radial Truck Market 2011 / 2010  
(change in number of tires)





# Replacement Truck markets: inventory drawdowns in Q3, especially in Europe

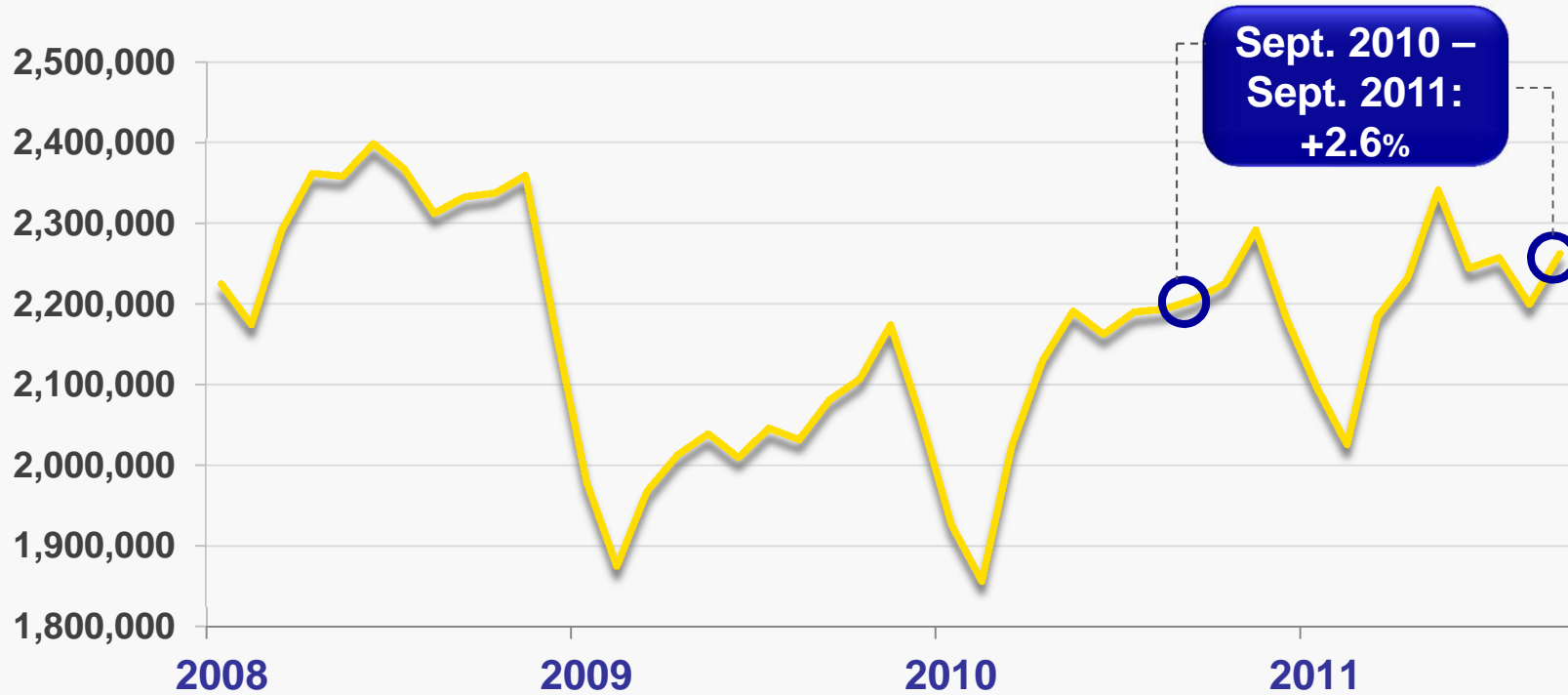
Replacement Radial Truck Market 2011 / 2010  
(change in number of tires)





# Freight kilometers driven in Germany at 2010 levels

German Freight (rolling 3 months)



Source: Bundesamt für Güterverkehr

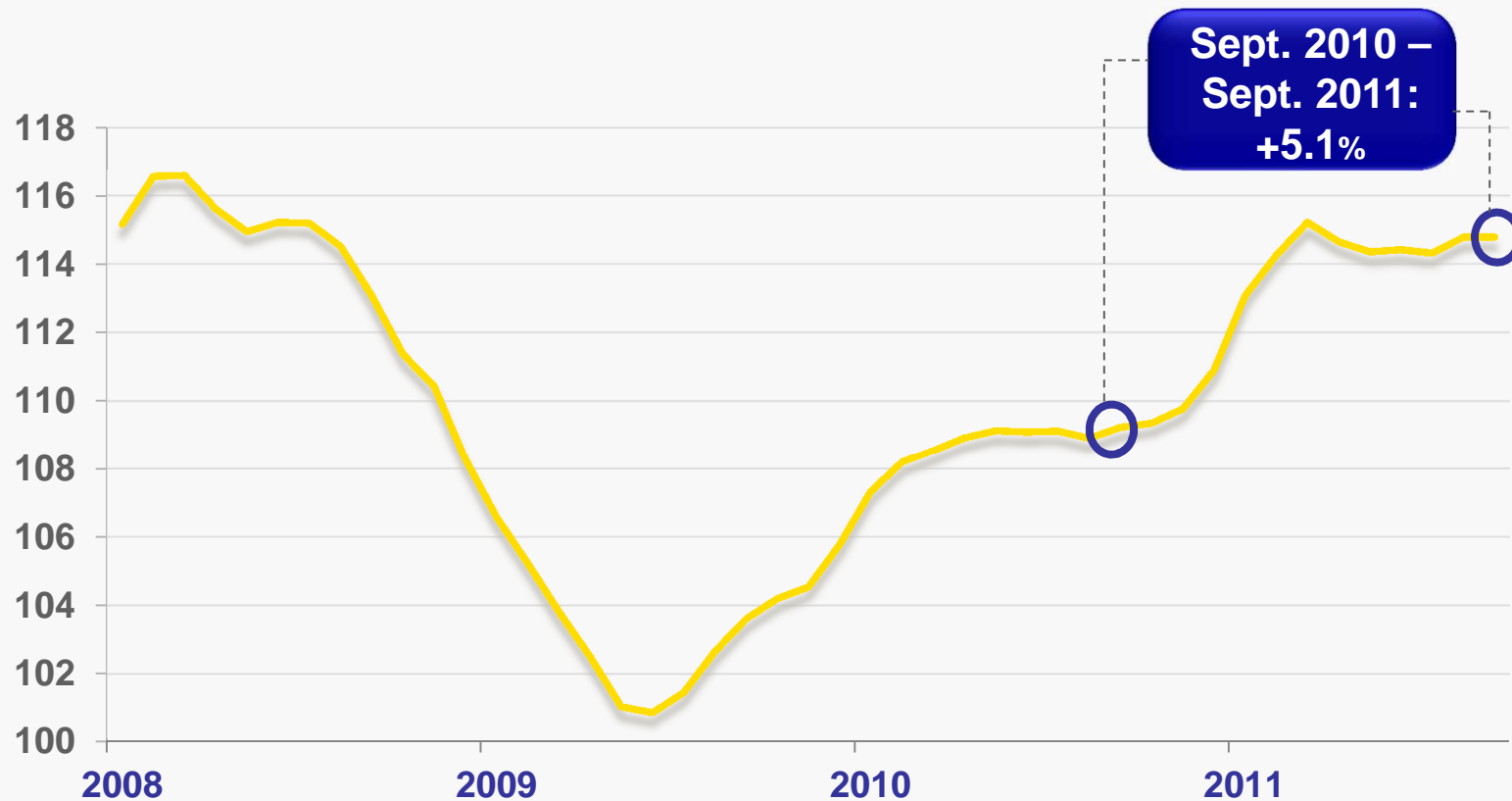






# US freight tonnage: still moving back up to pre-recession levels

US Freight (rolling 3 months)



Source: ATA – American Trucking Associations

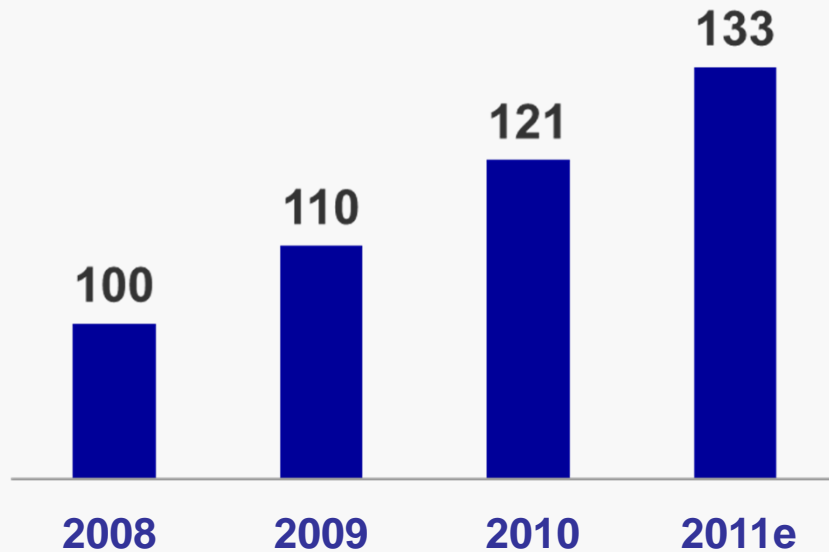




# Earthmover Tires: still on a strong upward trend

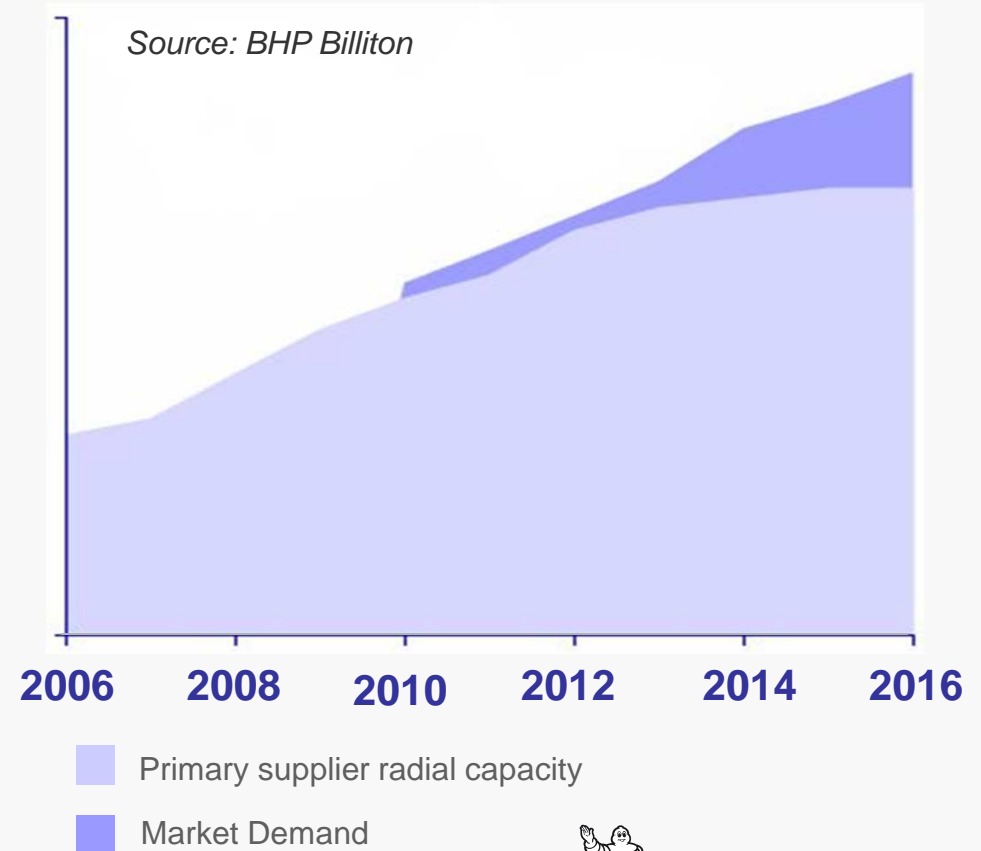
**Mining tire market**  
(base 100 = 2008)

Source: Michelin



**Large mining tires**  
(market supply and demand)

Source: BHP Billiton



## *Reporting segments: Varying growth*





# Passenger Car and Light Truck Tires: robust growth

*% change in net sales (in € millions)*

9 months 2010	9 months 2011	% Change
7,136	7,916	+10.9%

**Tonnages up 5.6%**

- Winter tire sell-in at record highs
- Successful launch of the MICHELIN Energy XM2, especially designed for the new markets
- Successful launch of the MICHELIN Pilot Super Sport

▶ **Powerful price dynamic**

▶ **Full use of production capacity**





# Truck Tires: growth dampened by the uncertain economic outlook

*% change in net sales (in € millions)*

9 months 2010	9 months 2011	% Change
4,096	4,995	+22.0%

- ▶ **Tonnages up 10.5%**
  - New MICHELIN X® Works™ product-services solution
  - Sustained success of the MICHELIN X One
- ▶ **Price increases**



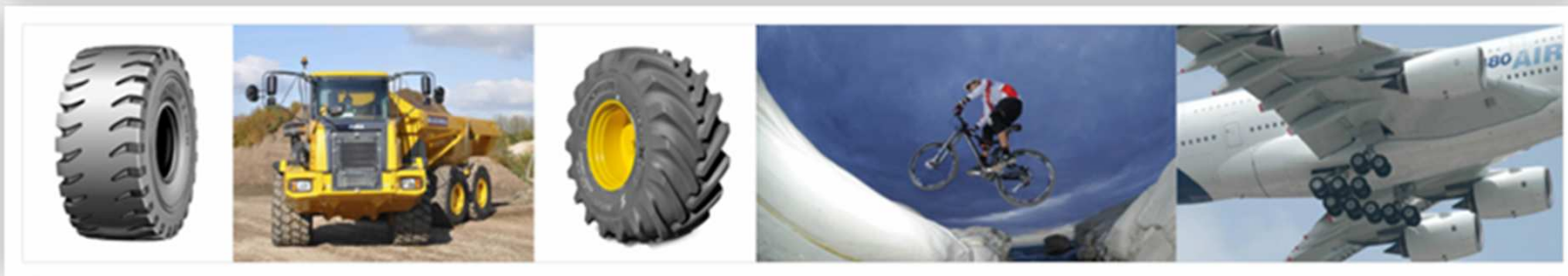


# Specialty Tires: strong growth

*% change in net sales (in € millions)*

9 months 2010	9 months 2011	% Change
1,765	2,335	+32.3%

- ▶ Tonnages up 24.1%
- ▶ Fast rebound in demand
- ▶ High capacity utilization
- ▶ Favorable impact from price indexing clauses



***Guidance:***  
*Vigilance and measured optimism*





# 2011 guidance

## ▶ Markets in Q4 2011

- Passenger Car and Light Truck Tires:

- Europe replacement demand will depend on winter tire sell-out
- New markets demand still trending upwards

- Truck Tires: uncertain outlook, particularly in Europe

- Specialty Tires: very buoyant

## ▶ Growth in sales volumes trending towards 8% by year end

- Barring any significant worsening of the current economic environment

## ▶ Free cash flow temporarily negative in 2011

## ▶ Substantial increase in operating income







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