

First-Quarter 2011 Net Sales

April 21, 2011





First-quarter net sales up 28% to €5,047 million

- ▶ **Historically high sales, with volumes gaining 16.5%**
 - Sustained rebound in demand
 - Compared with early 2010, when demand was still recovering in mature markets
 - Amplified by early buying ahead of announced price increases

- ▶ **Michelin positions strengthened, thanks to its excellent product plan**

- ▶ **Steady roll-out of price increases**
 - In replacement markets, led by the responsive pricing policy
 - Full impact of 2010 increases
 - Impact of first-quarter 2011 increases

 - Positive impact of indexation clauses, after an unfavorable impact in first-half 2010

Outline

- *Net Sales:*
a historically high quarter
- *Markets:*
a promising start to the year
- *Reporting segments:*
strong growth in every business
- *Guidance:*
confirmed targets



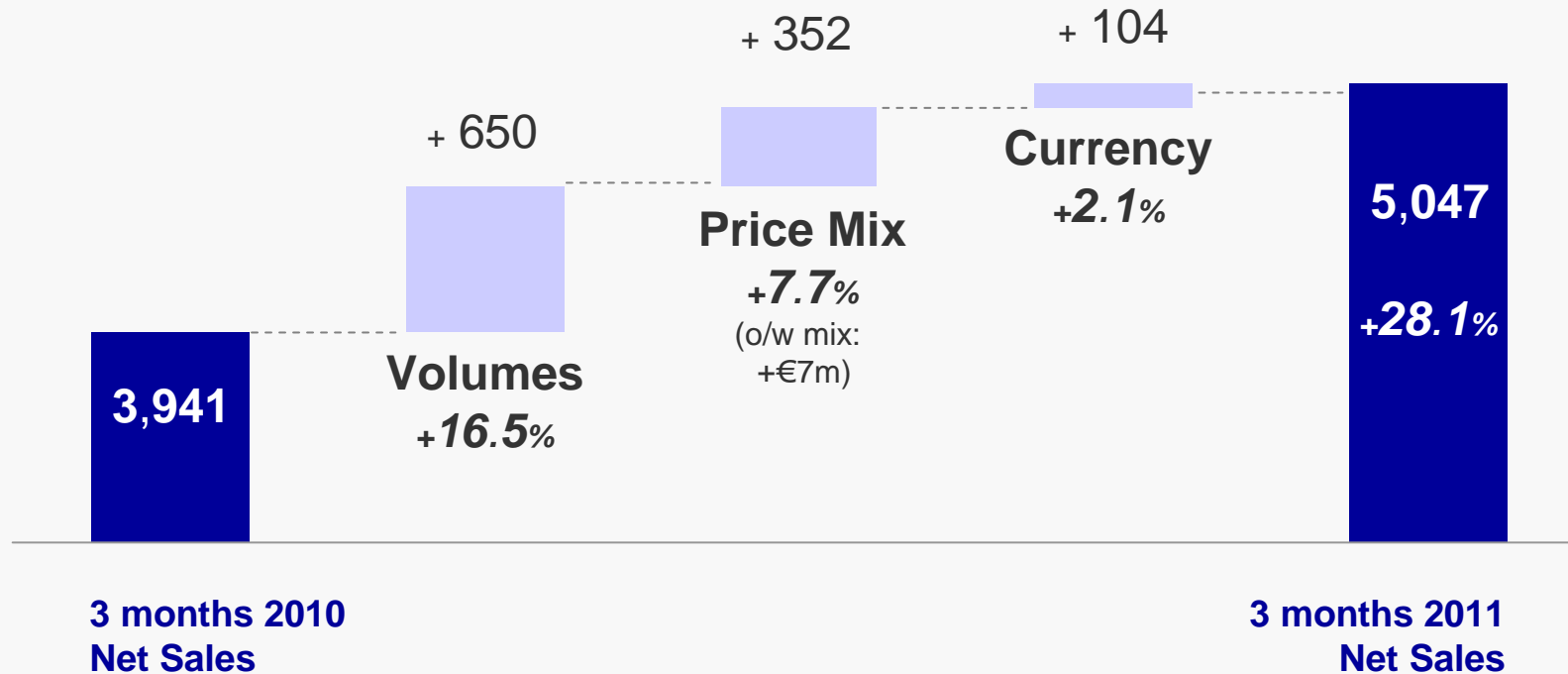
*Net sales:
a historically high quarter*





Net sales growth led by volumes and a dynamic price effect

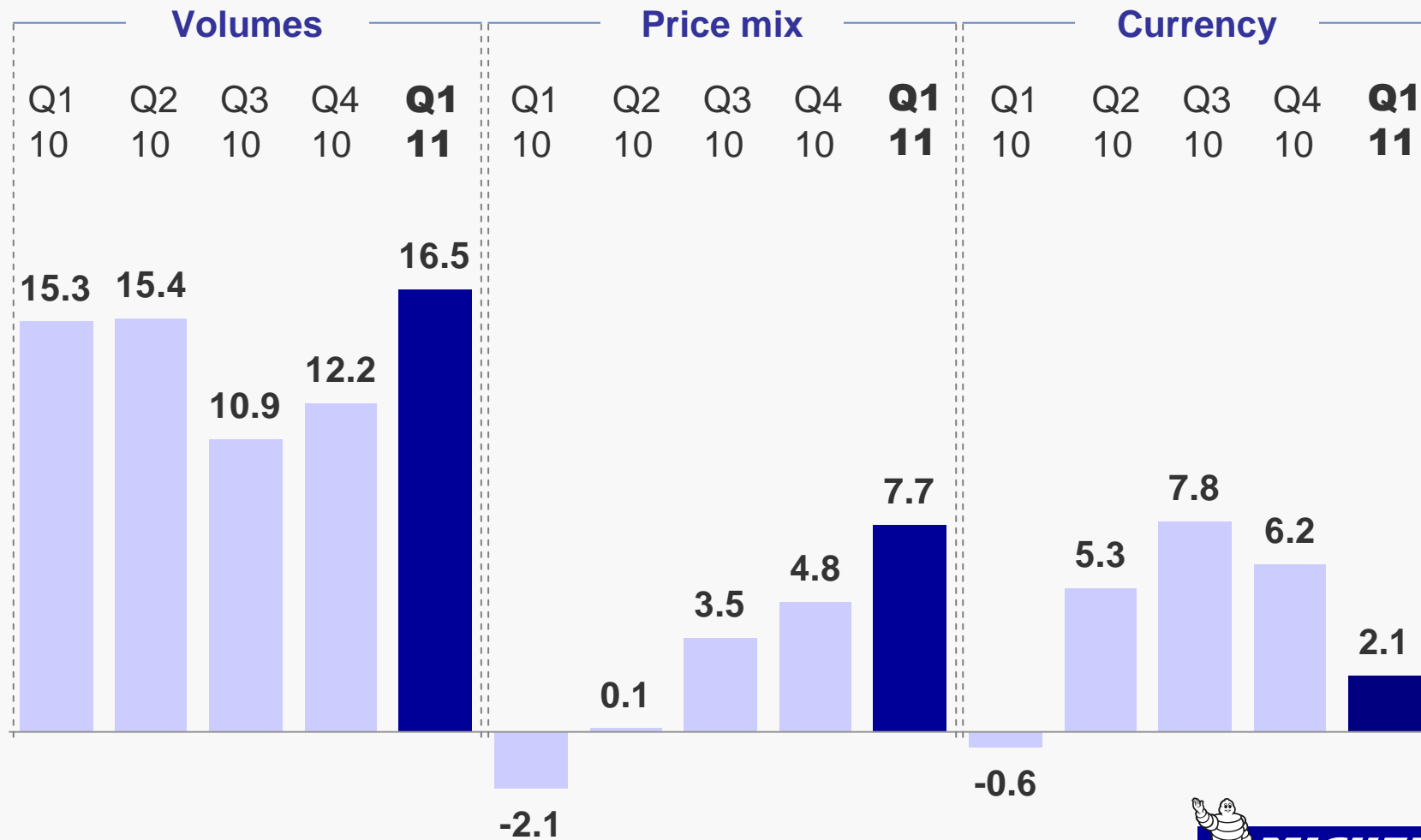
YoY change in € million and as a % of net sales





Net sales growth led by volumes and a dynamic price effect

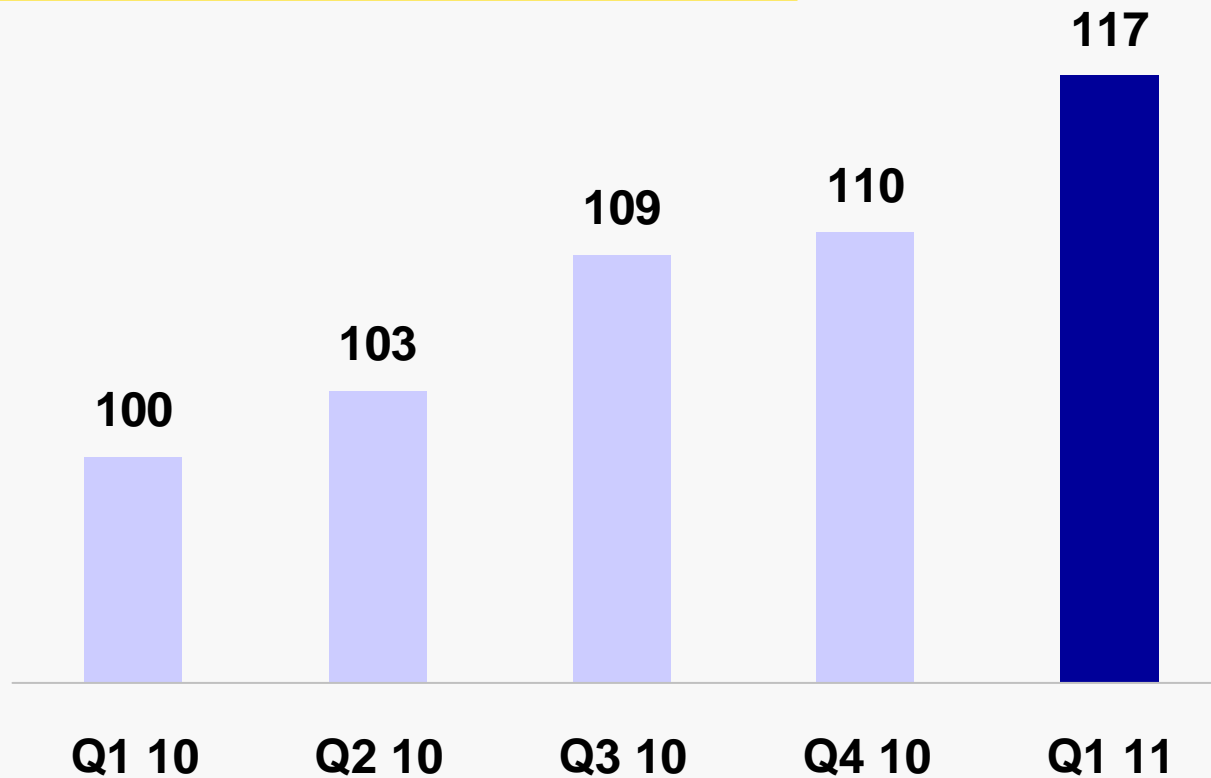
YoY change in %





Volumes: higher prior-year comparatives in coming quarters

*Tonnages sold
Base 100 – first-quarter 2010*



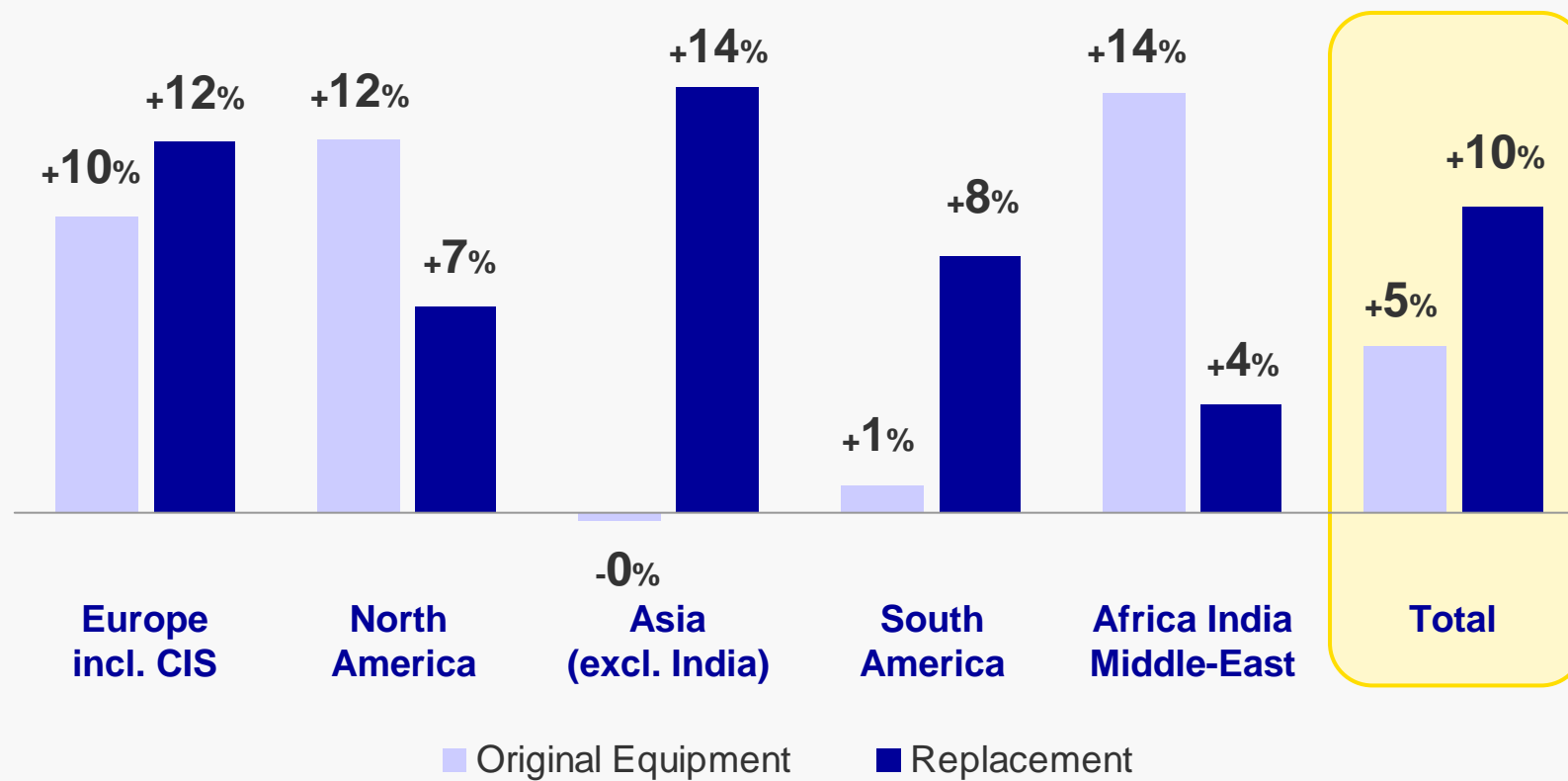
*Markets:
a promising start to the year*





Passenger car and light truck tires: strong growth, particularly in mature markets

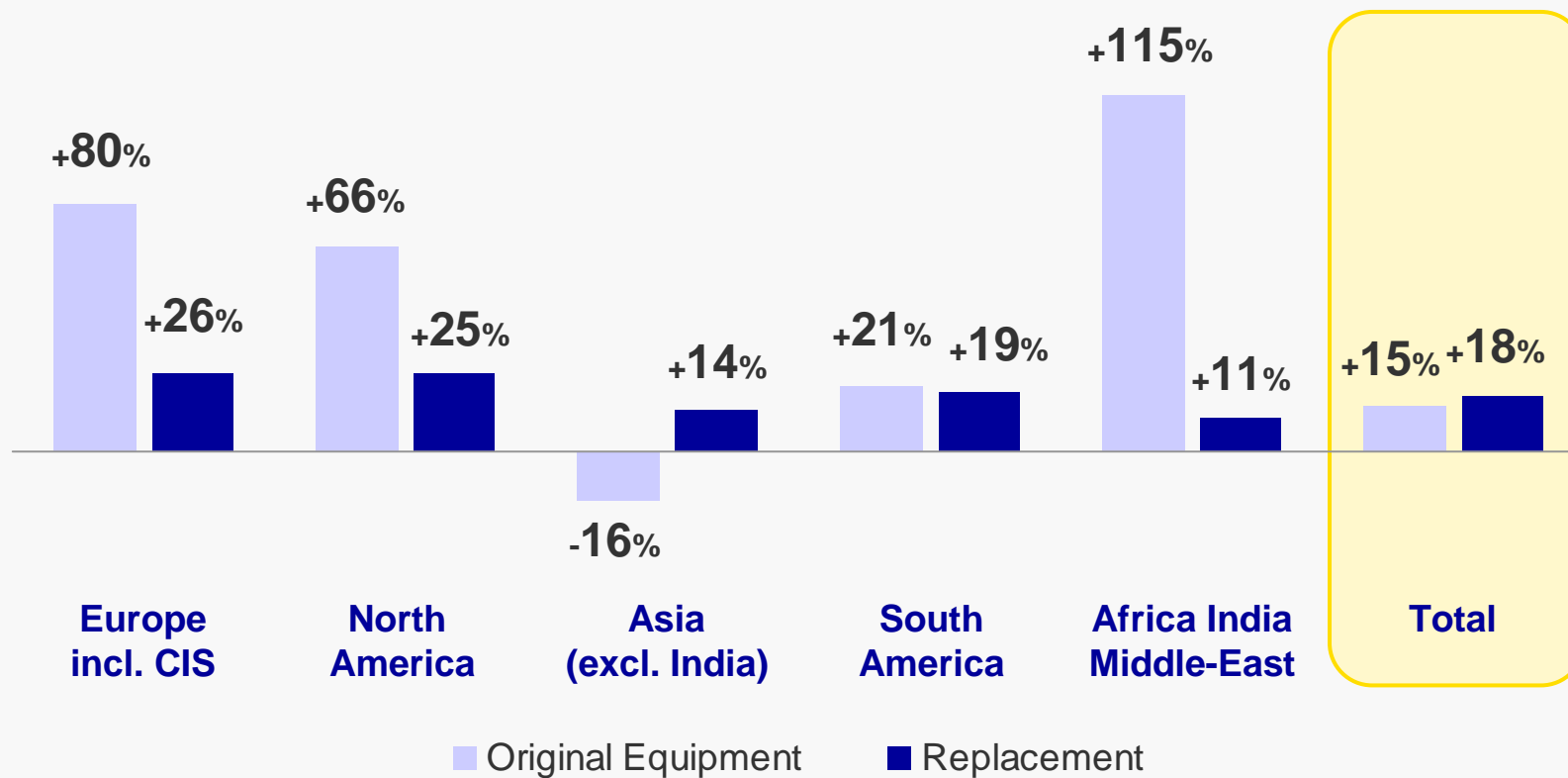
Markets at March 31, 2011 – % change YoY





Truck tires: sharp rebound in mature markets

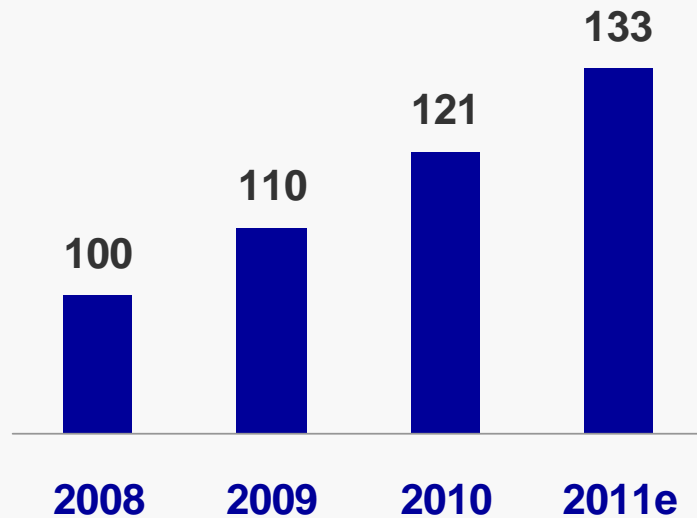
Markets at March 31, 2011 – % change YoY





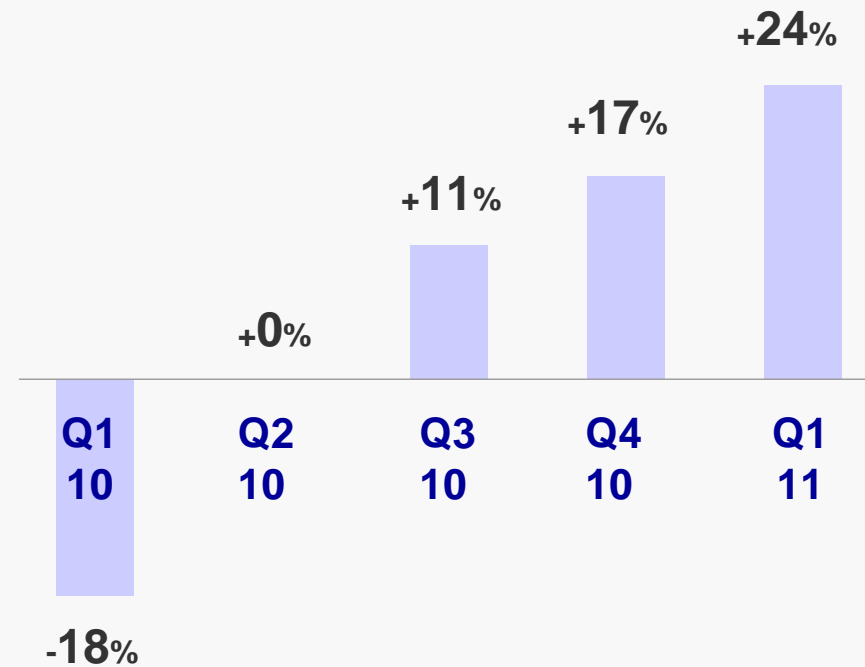
Earthmover tires: still positive dynamic Agricultural tires: upturn in demand

Mining tire market
(base 100 = 2008)



Source: Michelin

Agricultural tire market
% change YoY



Source: Michelin



*Reporting segments:
strong growth in every business*





Passenger car and light truck tires: ability to capture market growth

Growth in net sales (€ millions)

Q1 2010	Q1 2011	% Change
2,213	2,683	+21.2%

- ▶ **Volumes up 11.3%**
 - Improved global positions
 - Solid performance by the MICHELIN brand
 - Successful launch of the MICHELIN PILOT SUPER SPORT
- ▶ **Robust pricing dynamic**
- ▶ **Slightly positive mix**
- ▶ **Full capacity utilization**



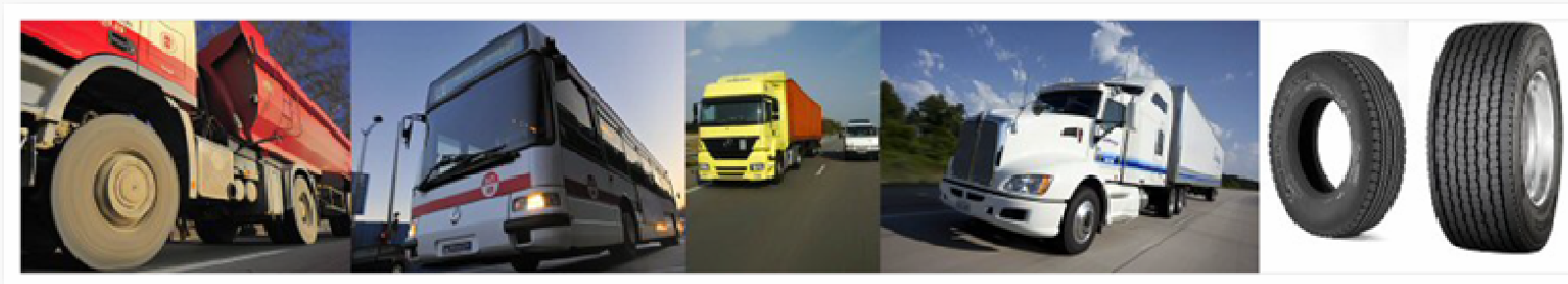


Truck tires: historically high volumes in March and higher prices

Growth in net sales (€ millions)

Q1 2010	Q1 2011	% Change
1,211	1,606	+32.5%

- ▶ **Volumes up 17.8%**
 - Off of still recovering comparatives, particularly in OE
 - Early purchases
 - Good performance by the MICHELIN brand
- ▶ **Ample capacity utilization**
- ▶ **Price increases**



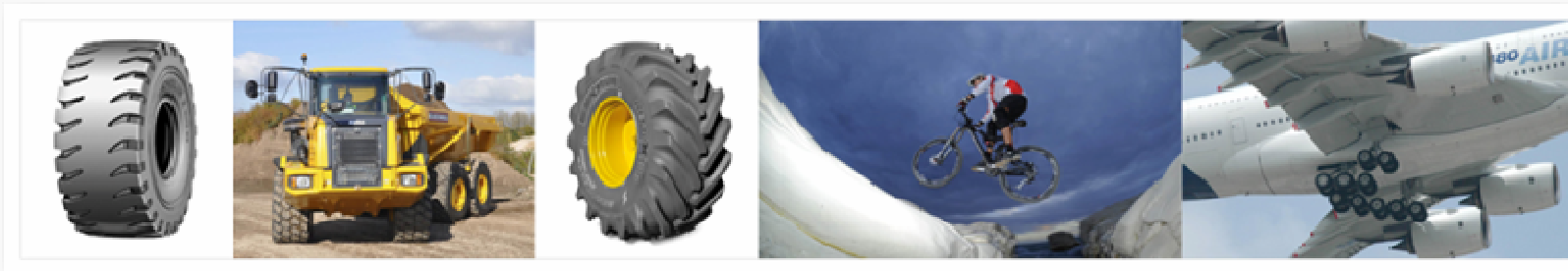


Specialty tires: improved positions in every market

Growth in net sales (€ millions)

Q1 2010	Q1 2011	% Change
517	759	+46.8%

- ▶ Volumes up 34.8%
- ▶ Fast rebound in demand
 - Off of low comparative
 - Led by the upturn in raw materials and grain prices
- ▶ Impact of indexation clauses



*Guidance:
confirmed targets*





Additional raw materials costs: approx. 80% offset

- ▶ **Negative impact on income of raw materials costs: around €1.8billion**
 - Underlying assumptions
 - Average annual price of natural rubber: **\$5.0/kg**
 - Average annual price of oil (Brent): **\$104/barrel**

- ▶ **Impact of price increases already implemented or announced:
€1.4 billion or 80% of headwind**

- ▶ **Still to be covered: €0.4 billion**
 - By further price increases over the next 9 months
 - Replacement passenger car and light truck: **+2.5%**
 - Replacement truck: **+5.0%**



A responsive pricing policy

Price increases since December 1, 2010

	Passenger Car and Light Truck Tires and Related Distribution	Truck Tires and Related Distribution	Specialty Businesses
Europe	01 May 2011 - average 5%	01 Dec. 2010 - average 5% 01 Apr. 2011 - average 7%	01 March 2011 - 2W: up to 7.5% - Earthmover: up to 7.5% 01 Apr. 2011 - AG: average 4%
North America	01 Feb. 2011 - US: variable 01 Apr. 2011 - Canada: up to 7% 01 May 2011 - US: up to 8.5%	01 Feb. 2011 - 7% 01 March 2011 - average 12% 01 Apr. 2011 - Canada: up to 7%	01 Feb. 2011 - US Earthmover: 7% 01 March 2011 - US AG: 8% 01 Apr. 2011 - 2W: up to 8% 01 May 2011 - Earthmover: 8%
Asia	01 May 2011 - Japan: average 8% Southeast Asia: average 4% 01 Feb. 2011 - China: 2.5%	Southeast Asia: average 6% 01 Feb. 2011 - China: 2.5%	01 Jul. 2011- Japan 2W: average 7%
South America	01 Feb. 2011 - Brazil: 4.1% 01 Feb. 2011 - Colombia: 4.7%	01 Jan. 2011 - Brazil: 4% 01 Apr. 2011 - Brazil: 3%	01 March 2011 - Brazil: 6%
Africa Middle East	01 Apr. 2011 - up to 8 %	01 Apr. 2011 - up to 12 %	01 Apr. 2011 - 2W: up to 8% - AG: up to 7.5% - Earthmover: average 6%





2011 targets confirmed

- ▶ **Volumes: growth of at least 6.5%**
 - If sell-out remains as strong as in March, volume guidance could be raised
- ▶ **Sustained firm pricing policy**
- ▶ **Higher operating income**
 - Despite the €150-million cost of driving faster growth in new markets
- ▶ **Free Cash Flow temporarily negative in 2011 due to the estimated €400-500 million impact of higher raw materials prices on WCR and the faster growth in capex**



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