

# Financial Information for the 3 Months Ended

**March 31,  
2010**



April 29, 2010



# First-Quarter 2010: 12.2% Increase in Net Sales

- Clear rebound in tire demand off of favorable prior-year comparatives, except in the European OE truck market
- Increase in Michelin 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 Net Sales***

***Global Market Trends***

***Performance by Reporting Segment***

***Outlook***

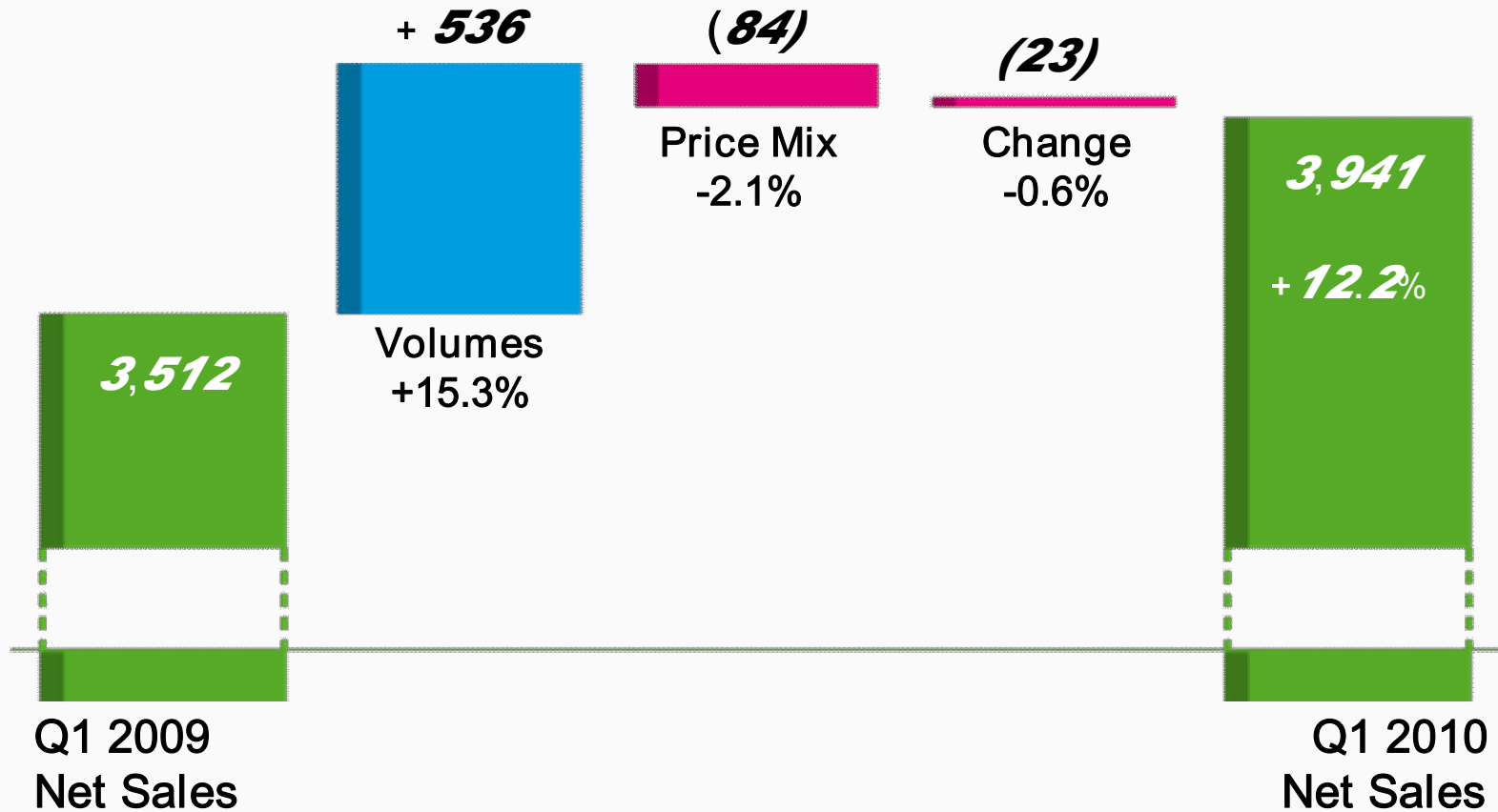


# *Analysis of Net Sales*



# 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

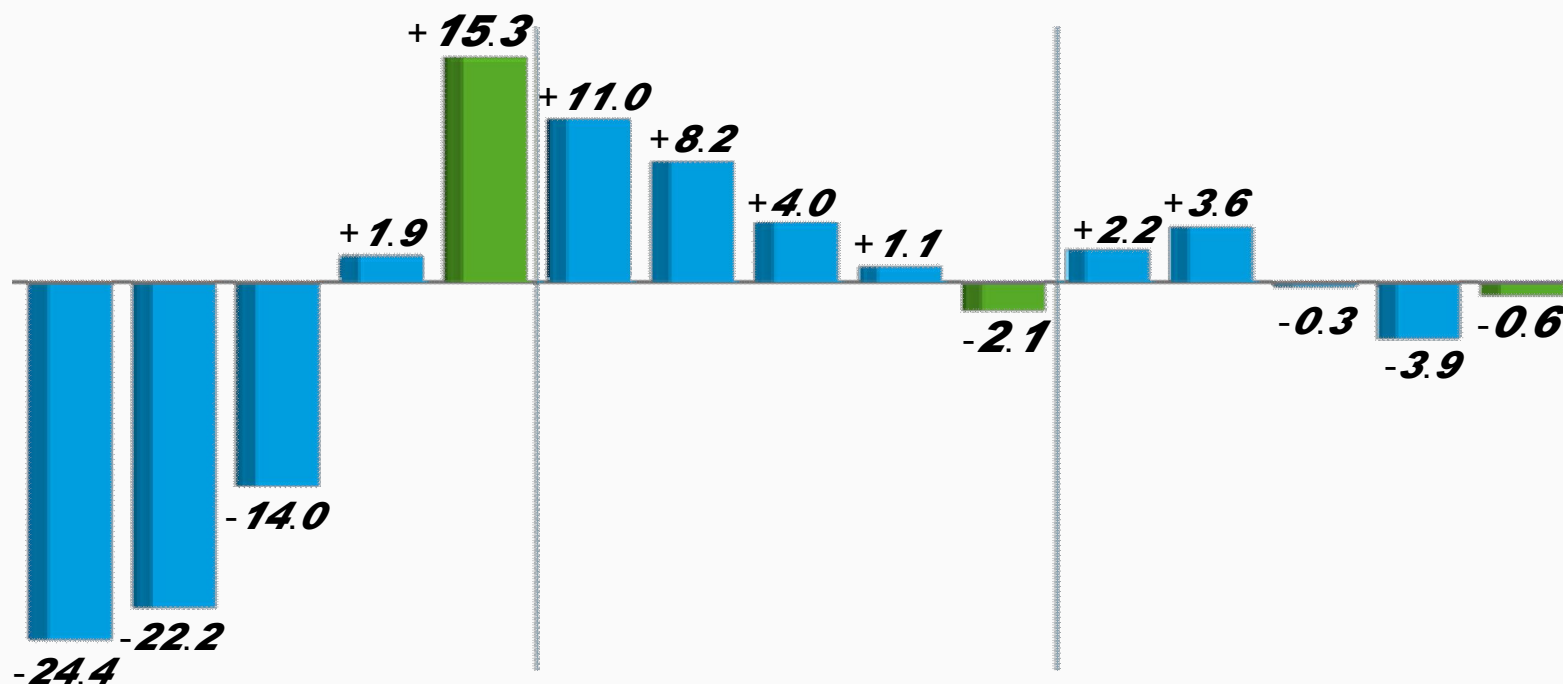
Q1	Q2	Q3	Q4	Q1
09	09	09	09	10

## Price Mix

Q1	Q2	Q3	Q4	Q1
09	09	09	09	10

## Currency

Q1	Q2	Q3	Q4	Q1
09	09	09	09	10



# *Global Market Trends*





# Significant Rebound in Passenger Car and Light Truck Tire Markets



*Markets as of March 31, 2010  
% change YoY*

## PASSENGER CAR / LIGHT TRUCK

	Europe *	North America	Asia	South America	Africa Middle East	
Original equipment	<b>+30.2</b>	<b>+72.2</b>	<b>+60.2</b>	<b>+26.5</b>	<b>-0.7</b>	<b>+49.0</b>
Replacement	<b>+12.0</b>	<b>+8.0</b>	<b>+13.9</b>	<b>+15.7</b>	<b>+3.7</b>	<b>+10.7</b>

*\*Including Russia and Turkey*





# Sharp Recovery in the Group's Traditional Markets

## EUROPE

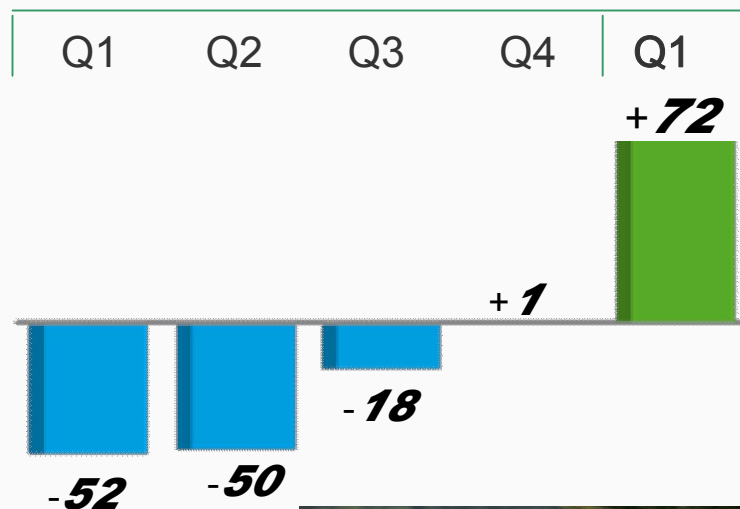
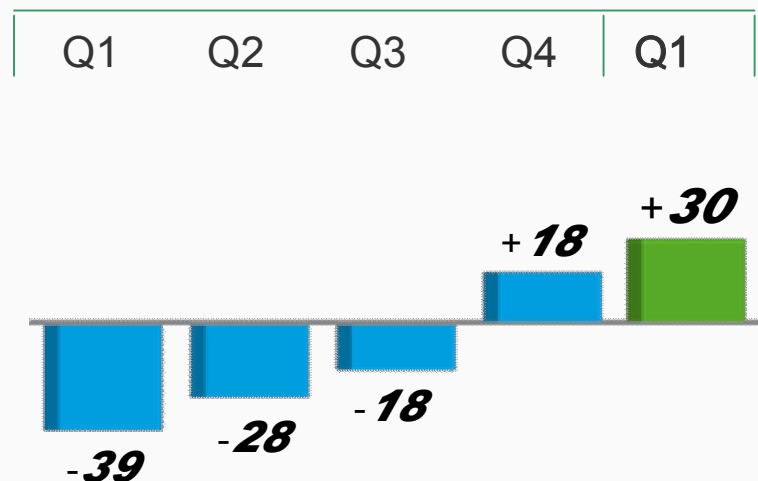
2009

2010

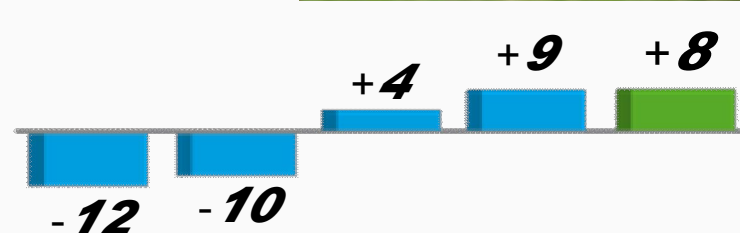
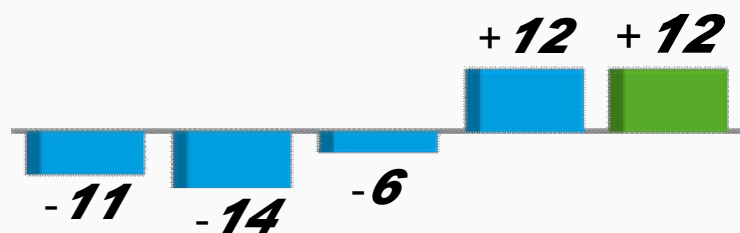
## NORTH AMERICA

2009

2010



Original equipment  
(% change YoY)



Replacement  
(% change YoY)



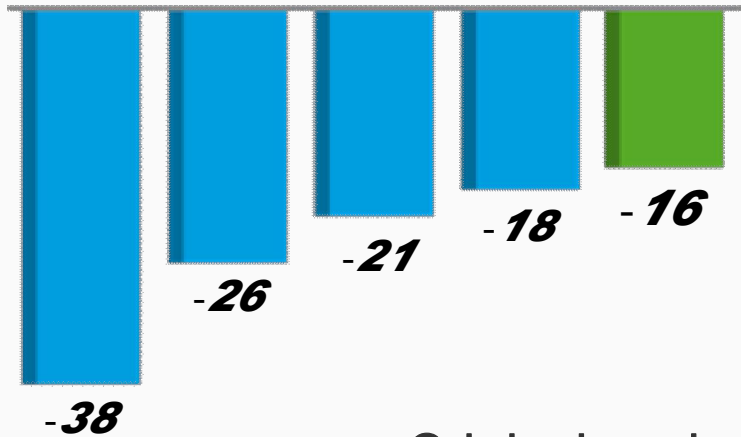
# 2010 vs. 2007: Markets Generally Lower but Better Trend Line in Europe

## EUROPE

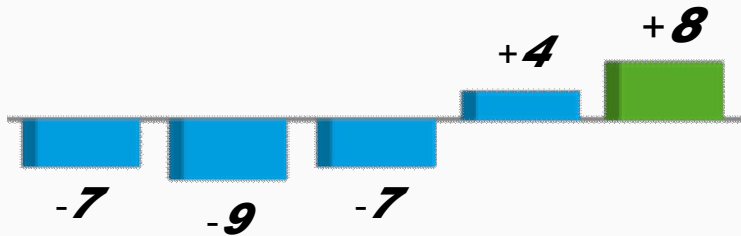
2009

2010

Q1	Q2	Q3	Q4	Q1
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Original equipment  
(% change versus 2007)



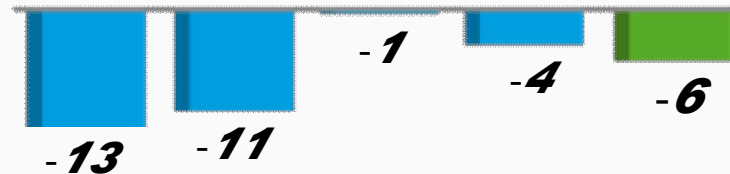
Replacement  
(% change versus 2007)

## NORTH AMERICA

2009

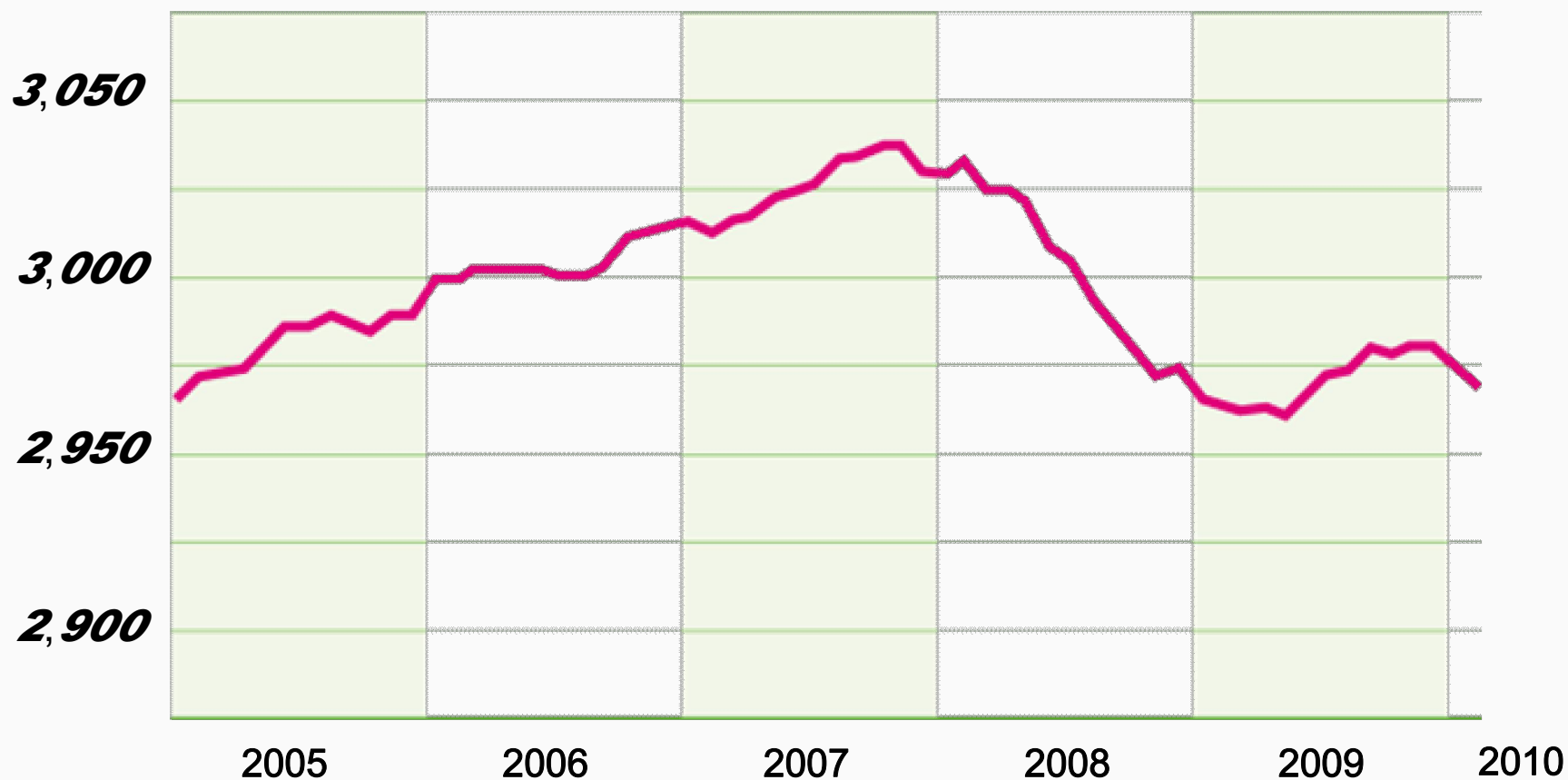
2010

Q1	Q2	Q3	Q4	Q1
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# Recovery in US Vehicle Miles Driven Still Hesitant

VEHICLE MILES DRIVEN IN THE UNITED-STATES (BILLIONS, MOVING 12 MONTHS)  
January 2005 - February 2010



Source: US Department of Transportation / Federal Highway Administration



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



*Markets as of March 31, 2010  
% change YoY*

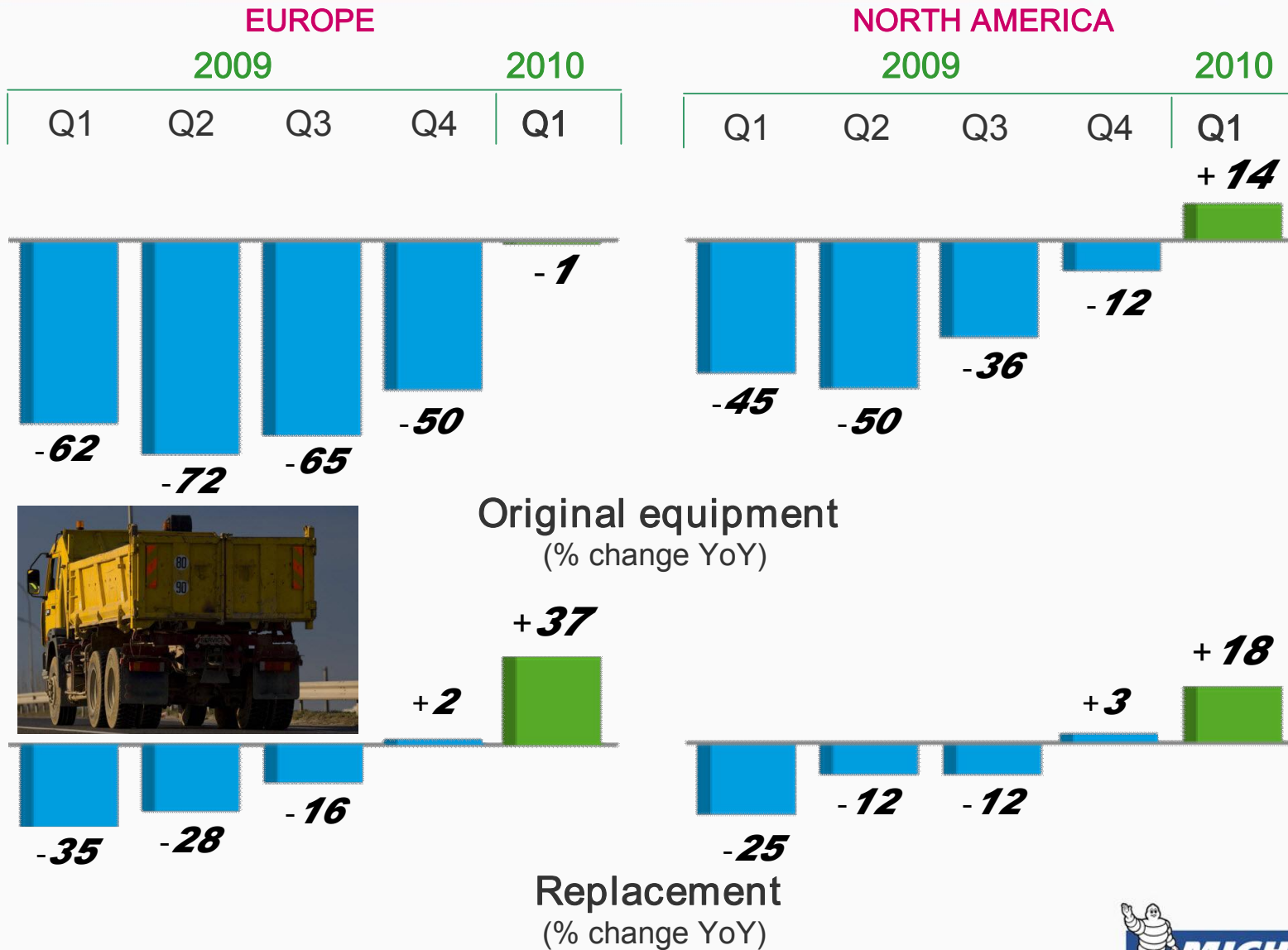
## TRUCK (RADIAL MARKET)

	Europe *	North America	Asia	South America	Africa Middle East	Total
Original equipment	- <b>1.2</b>	+ <b>13.7</b>	+ <b>24.2</b>	+ <b>56.9</b>	+ <b>8.0</b>	+ <b>19.0</b>
Replacement	+ <b>36.9</b>	+ <b>18.3</b>	+ <b>16.0</b>	+ <b>26.0</b>	+ <b>2.1</b>	+ <b>18.9</b>

*\*Including Russia and Turkey*



# Flat Demand in the European OE Market Dealers More Optimistic

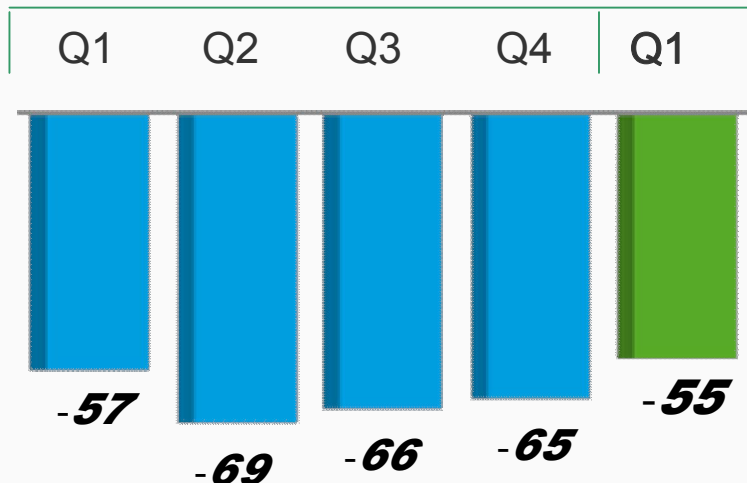


# 2010 vs. 2007: OE Segment Still Down, Positive Signs in the Replacement Market

## EUROPE

2009

2010

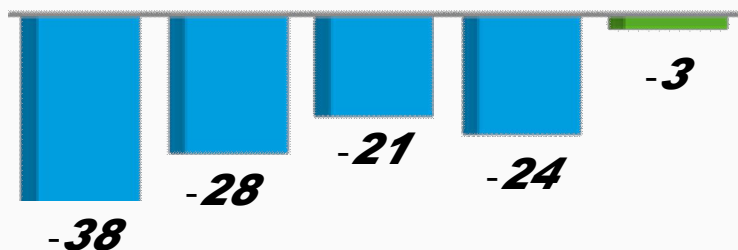
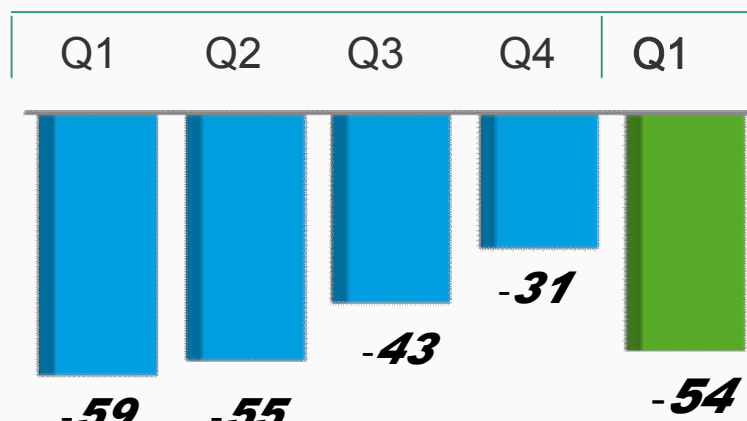


Original equipment  
(% change versus 2007)

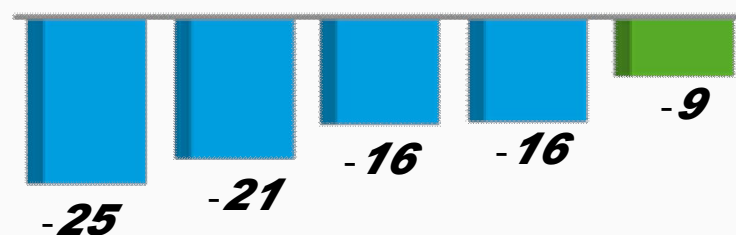
## NORTH AMERICA

2009

2010

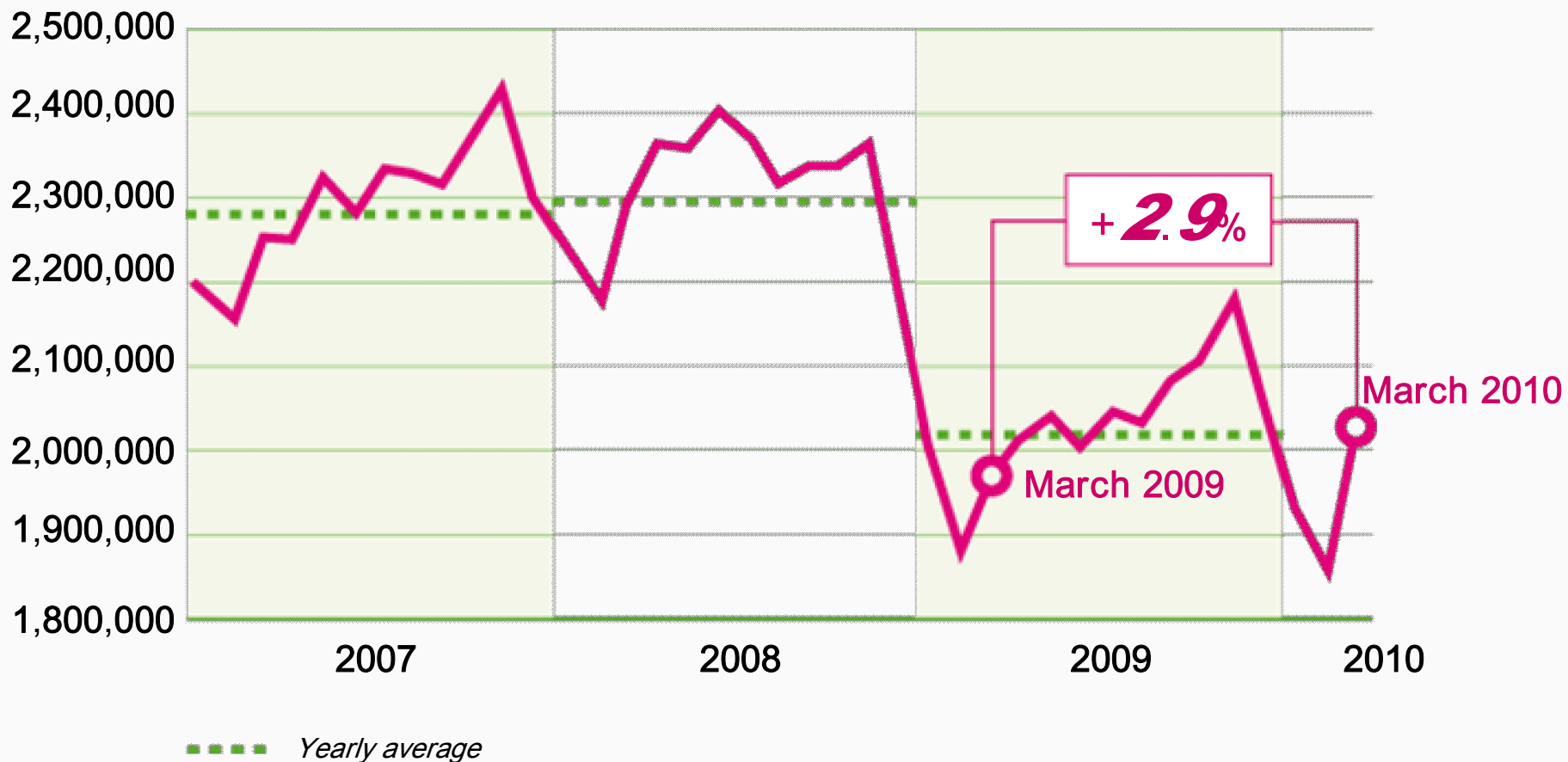


Replacement  
(% change versus 2007)



# Direction of Freight Kilometers in Germany Still Uncertain

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



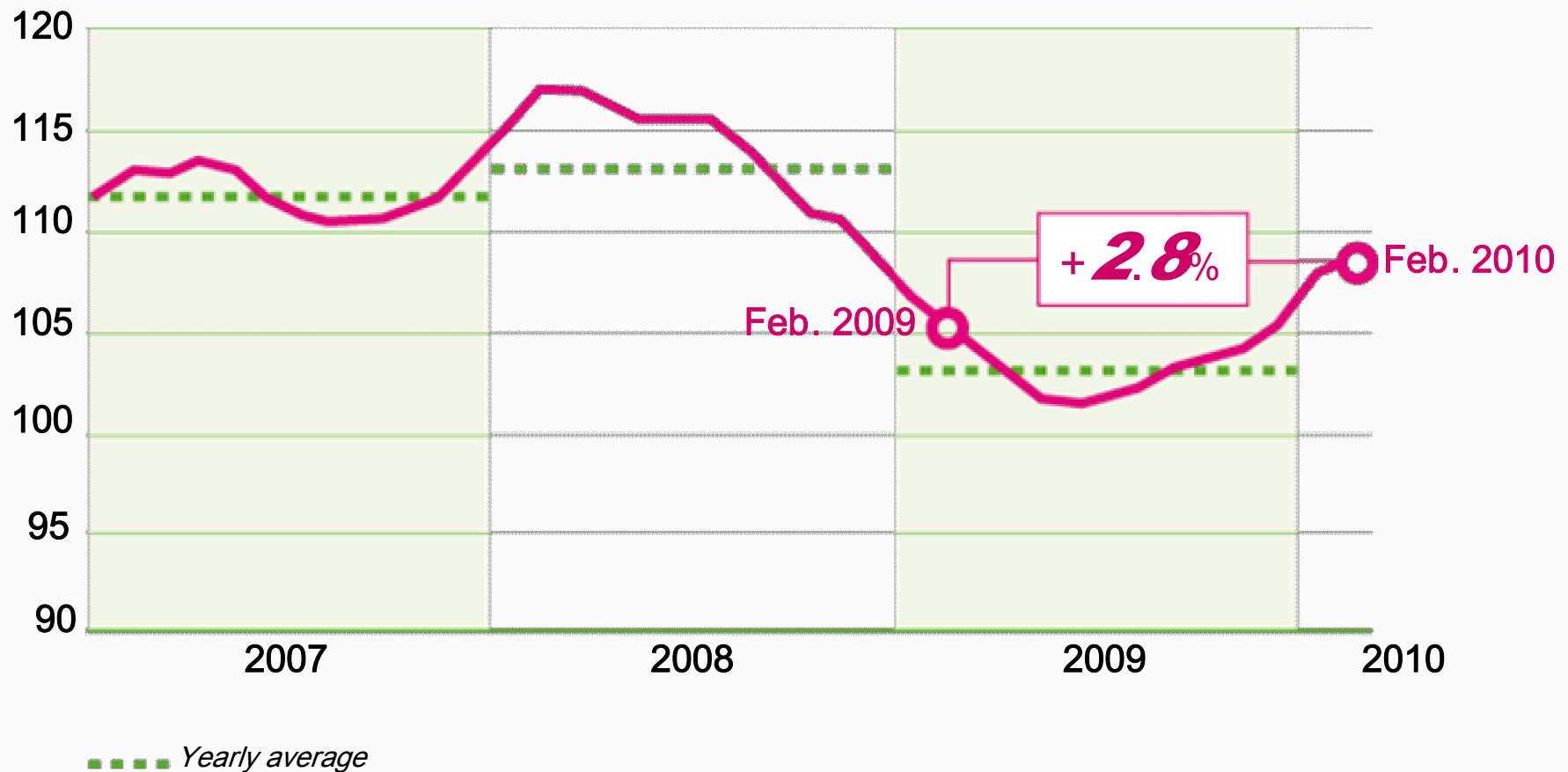
Source: Bundesamt für Güterverkehr





# Increase in US Freight Tonnage

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

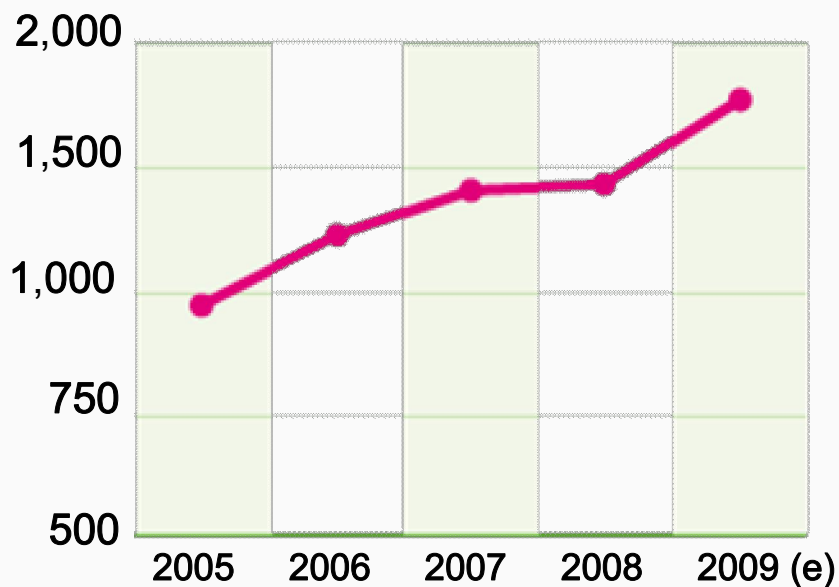


Source: US Department of Transportation / Federal Highway Administration



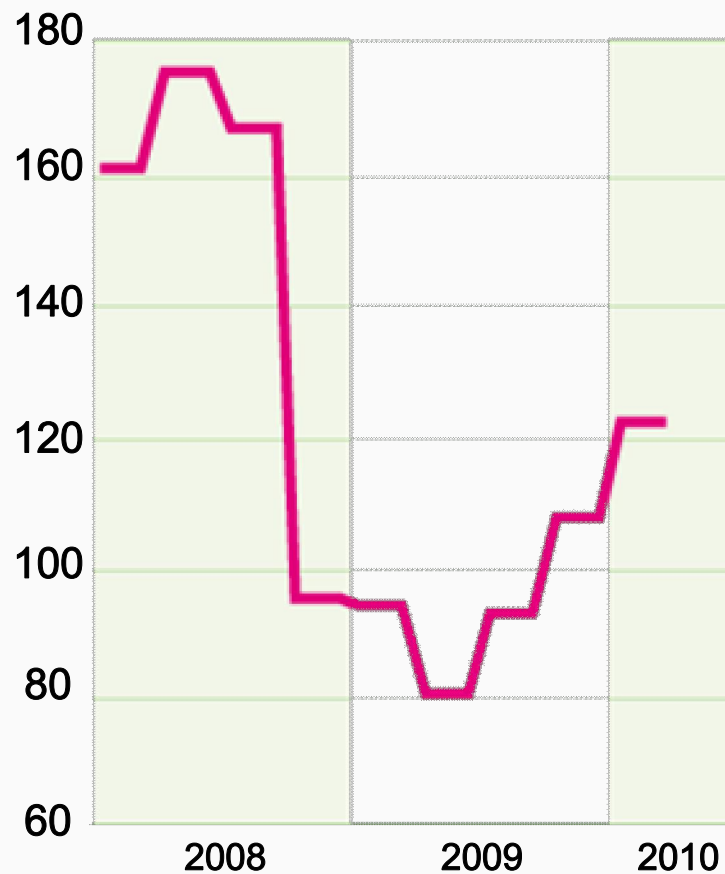
# Mining Operations Underpinned by Strong Demand for Raw Materials

**OIL SANDS PRODUCTION**  
(‘000 of barrels per day)



Source: Canadian Association of Petroleum Producers

**IRON ORE PRICES**  
(USD / Dry Metric Ton)

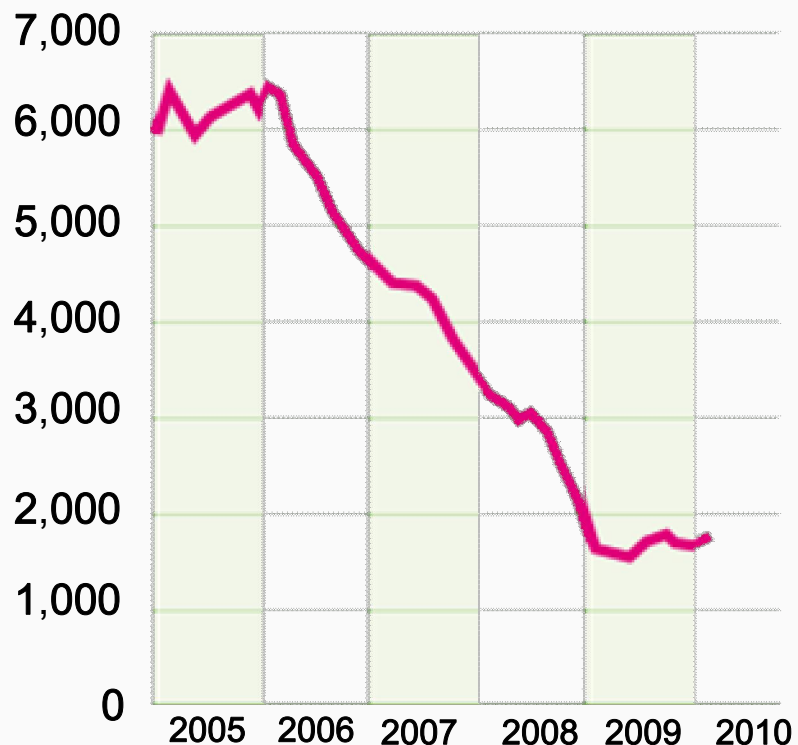


Source: SBB



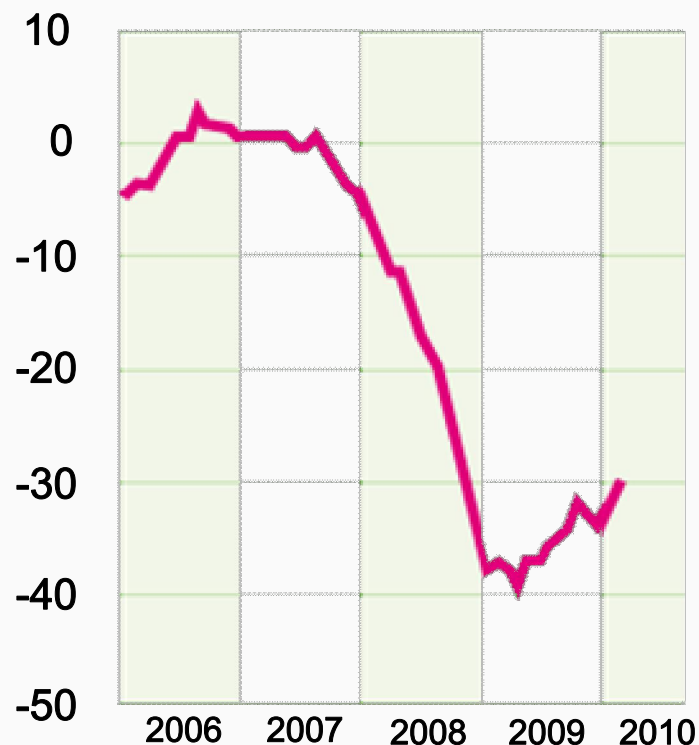
# Infrastructure Market: Signs of Recovery in North America and Western Europe

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



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

EU CONSTRUCTION  
CONFIDENCE INDEX

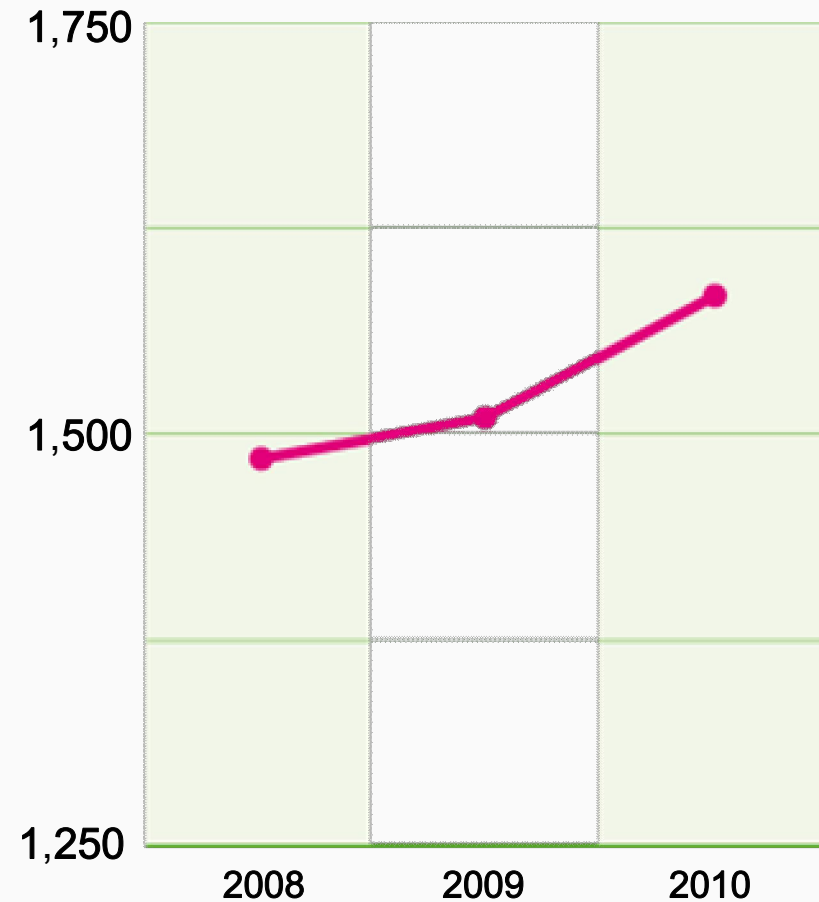


Source: Eurostat



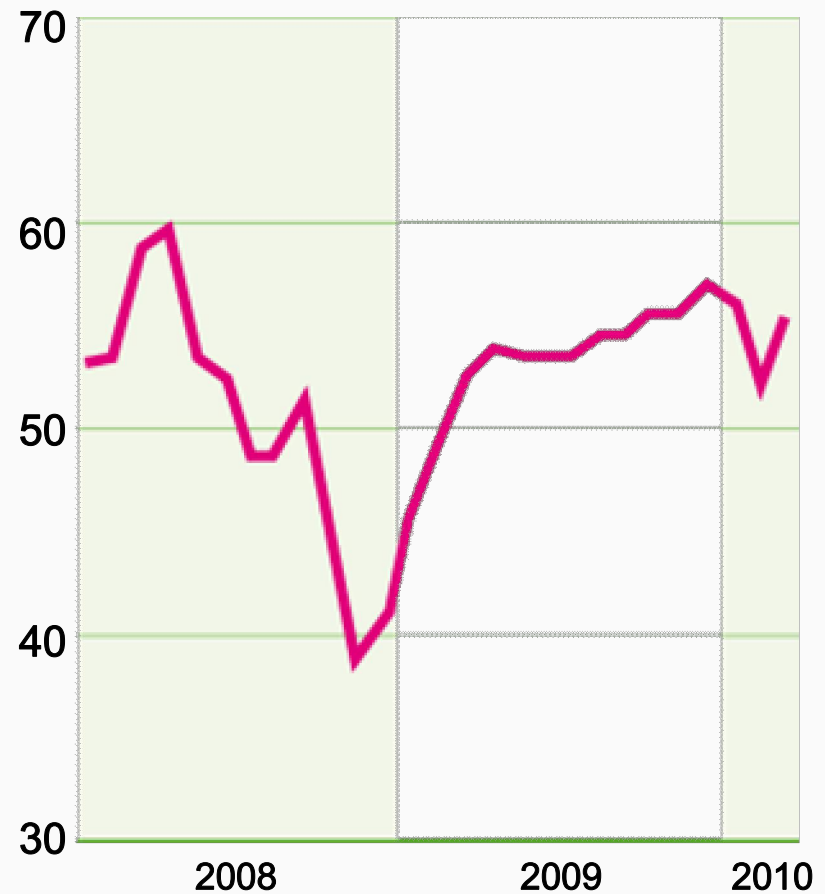
# Sustained Demand in Asian Infrastructure Markets

ASIAN CONSTRUCTION SPENDING  
(€ billions)



Source: IHS Global Insight

CHINA PURCHASING MANAGERS RATIO



Source: ISM

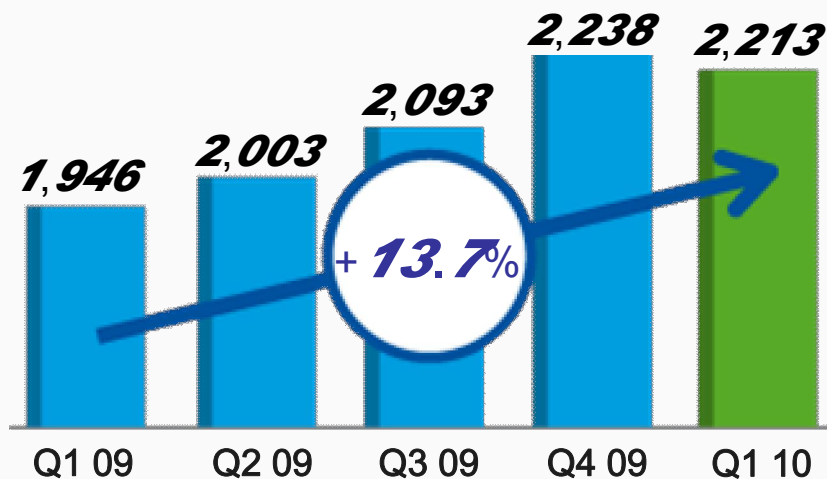


# *Performance by Reporting Segment*



# Passenger Car and Light Truck Tires: Strong Growth in Volumes

NET SALES – € MILLIONS

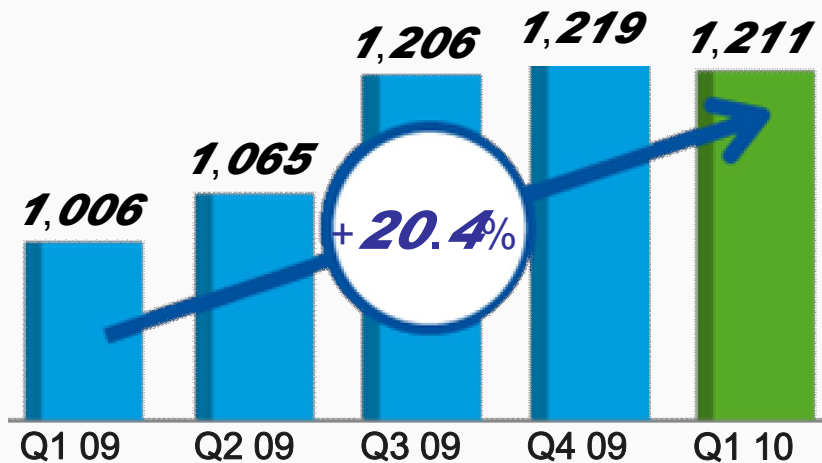


- MICHELIN brand holds firm
- Strong growth in OE sales
- Further improvement in the segment mix
- High capacity utilization in most regions



# Truck Tires: Rebound in Volumes Off of Low Prior-Year Comparatives

NET SALES – € MILLIONS

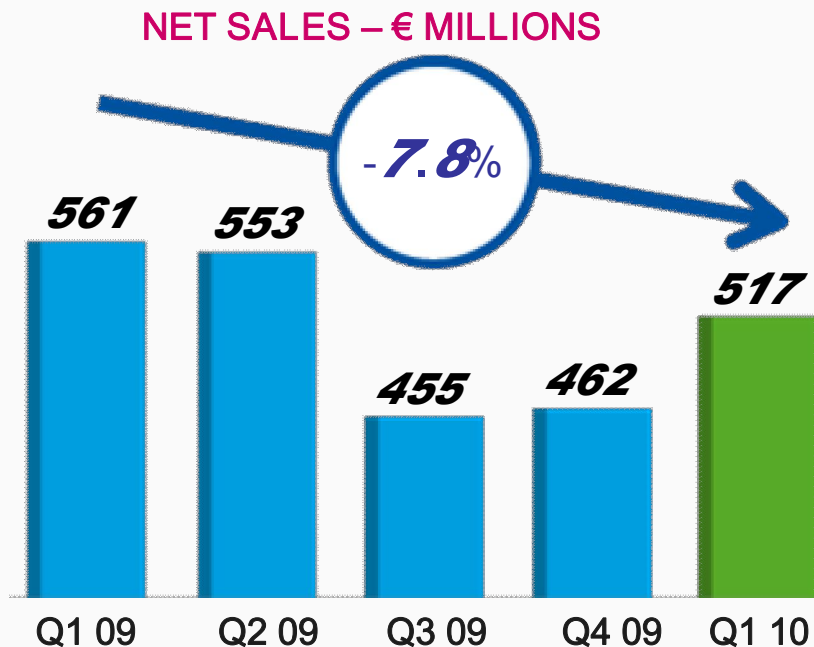


- Volume lifted by a favorable market mix
- Market share gains for the MICHELIN brand, especially in Europe
- Improvement in OE volumes, despite still weak signs of a recovery
- Higher capacity utilization rates





# Specialty Businesses: Continued Growth in the Mining Sector



- Negative impact of a contractual indexing to raw material prices
- Mining operations: stable volumes
- Original equipment / Infrastructure: slight increase in volumes
- Agriculture: sharp decline in OE sales



# *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

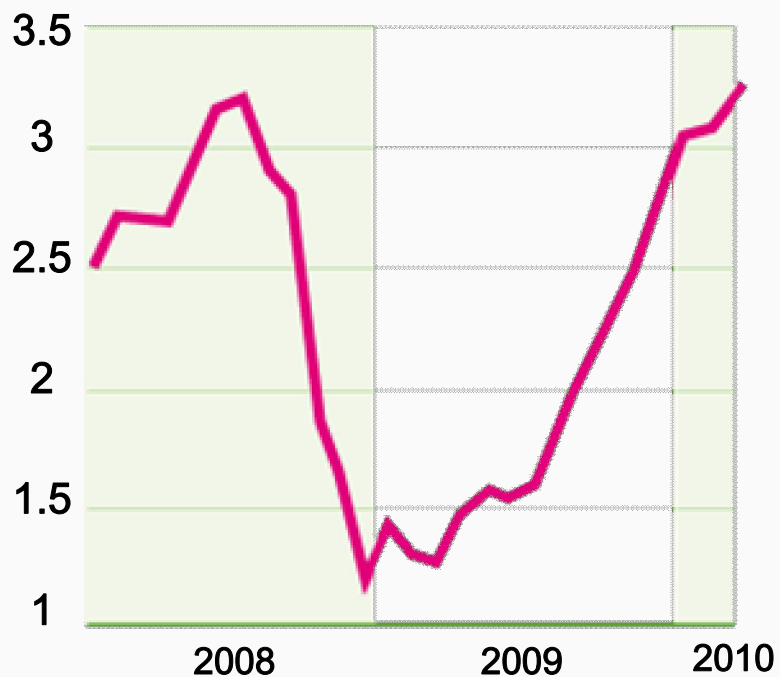
## ■ Specialty Tires

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

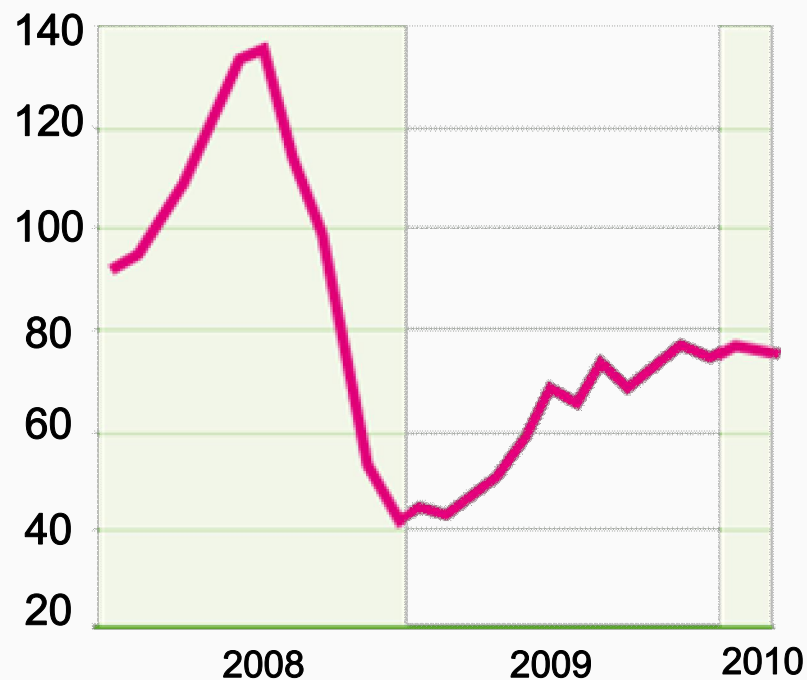


# Increase in Raw Material Prices, Especially Natural Rubber

NATURAL RUBBER PRICES  
TSR20- USD/kg



BRENT PRICES  
(USD/Barrel)



# Raw Materials: a Major Impact if Current Prices Hold Firm

## 2010 SIMULATION:

€ **1** = \$ **1.36**

Natural rubber:  
\$ **3.42**/kg

Oil:  
\$ **82**/barrel



# Raw Materials Price Sensitivity

Matières premières

## ■ Sensitivity to purchasing costs on an annual basis:

### ■ Natural rubber:

+/- \$ **0.10** change in price  $\Rightarrow$  \$ **70** to **80** million

### ■ Oil:

+/- \$ **1** change in price  $\Rightarrow$  \$ **15** to **20** million



# Responsive Pricing Policy to Pass on Higher Raw Material Prices

## ■ North America (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 (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





# Continuing to Tightly Manage Operations

- Volumes expected to increase by around 10%
- Higher working capital requirement as demand recovers and raw material prices increase
- Capex: €1 – 1.2 billion
  - Start-up of spending on projects in Brazil, China and India
  - Ongoing tight management of other capital projects
- Objective: generate positive free cash flow



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April 29, 2010



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