



Net Sales for the Three Months Ended March 31, 2012

APRIL 23, 2012





Q1 Volumes Confirm the Seasonal Trends Expected in 2012

- **Markets down overall, with a contrast between:**
 - *Passenger car & light truck and truck tires, where demand weakened as expected, especially in truck tires and in Europe*
 - *Specialty businesses, which remain buoyant*
- **Sales volumes particularly impacted by:**
 - *A high basis of comparison with first-quarter 2011, when volumes were boosted by sales ahead of price increases, for which Michelin was the forerunner*
- **Sharp improvement in the price-mix:**
 - *Impact of 2011 price hikes and raw materials indexing clauses*
 - *Positive mix*





OUTLINE

01

**Net Sales:
Impact of the 2011 Pricing Policy**

02

**Markets:
Mixed but Down Overall**

03

**Reporting Segments:
Impact of the Pricing Policy**

04

Guidance





01

Net Sales: Impact of the 2011 Pricing Policy

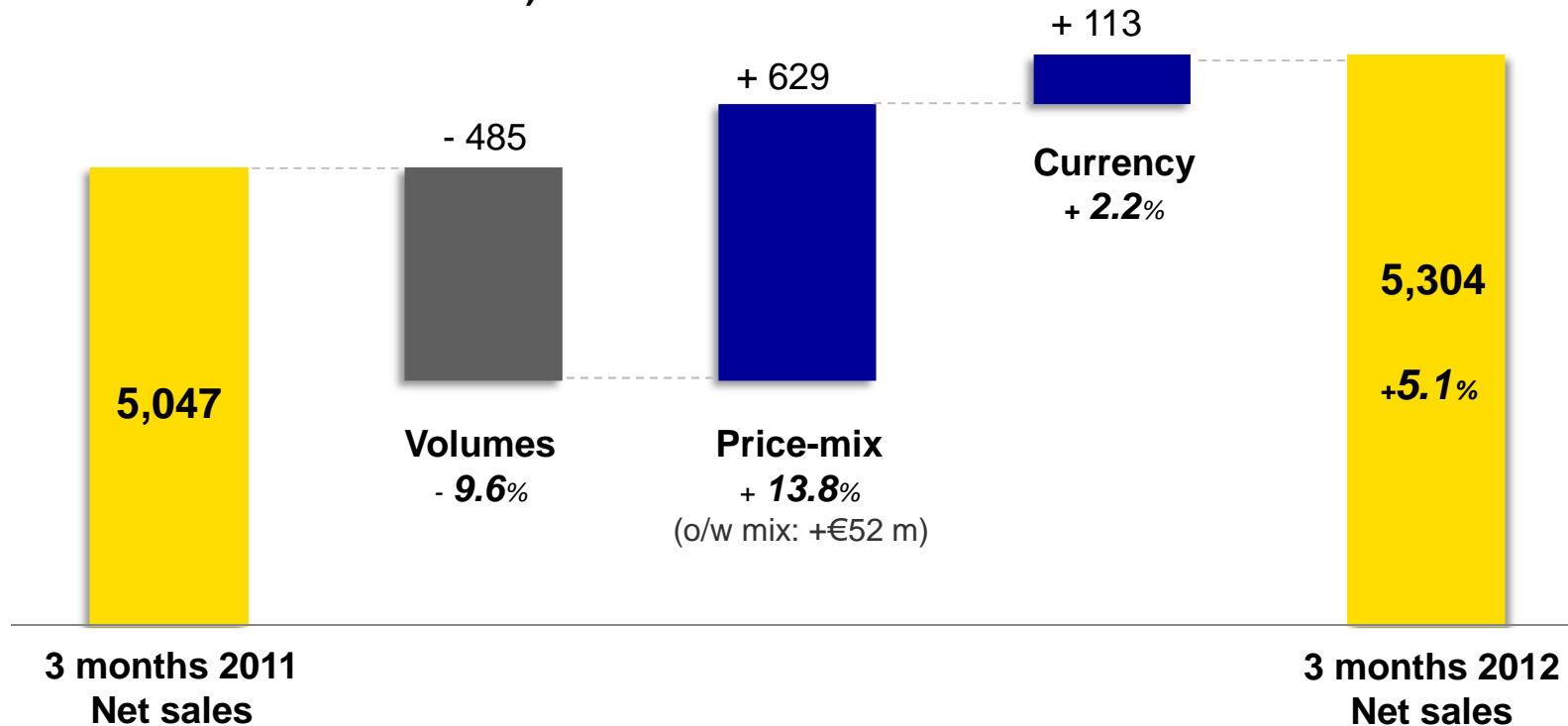




Growth in Net Sales with the Price Mix Amply Offsetting the Decline in Volumes

YoY change

(in € millions and % of net sales)

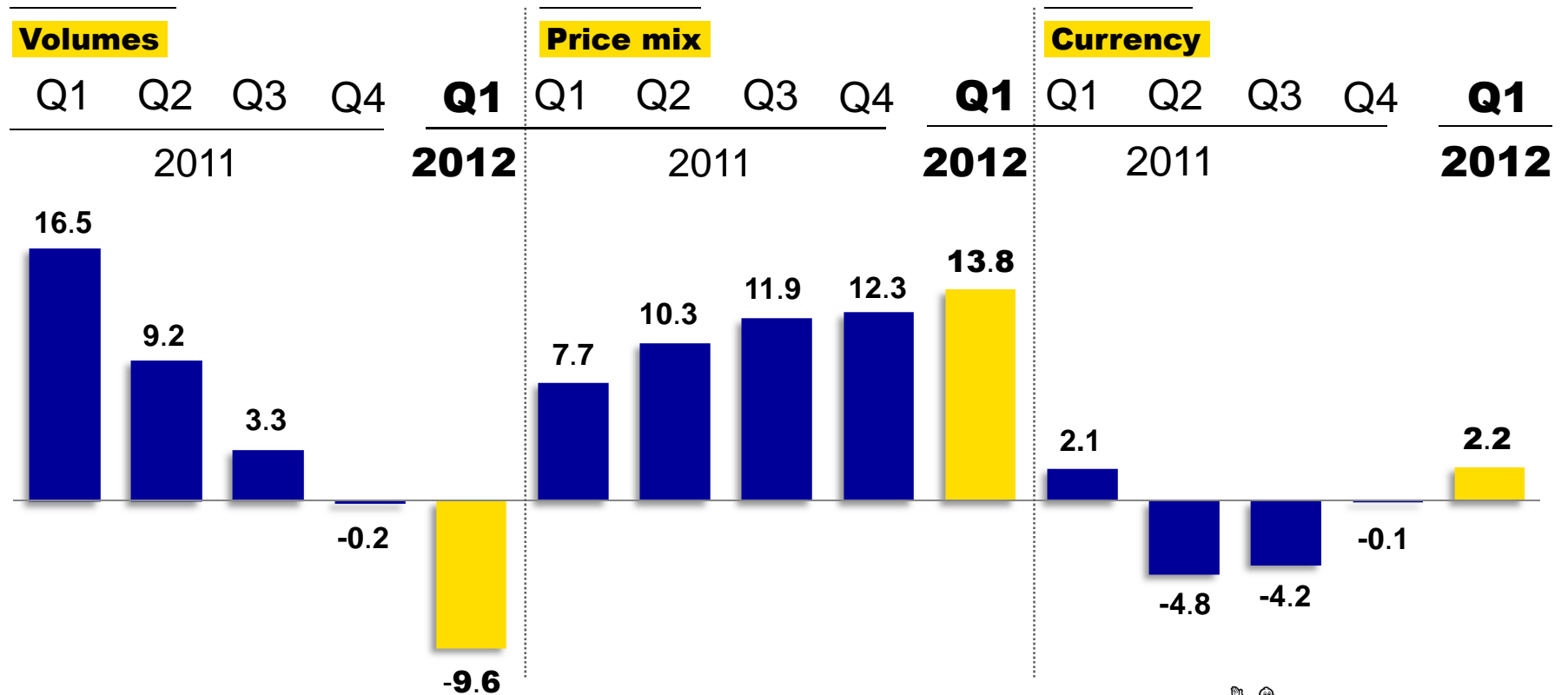




Volumes: Prior-Year Comparatives and Destocking Price Mix: Impact of 2011 Increases and Clauses

YoY change

(in %)

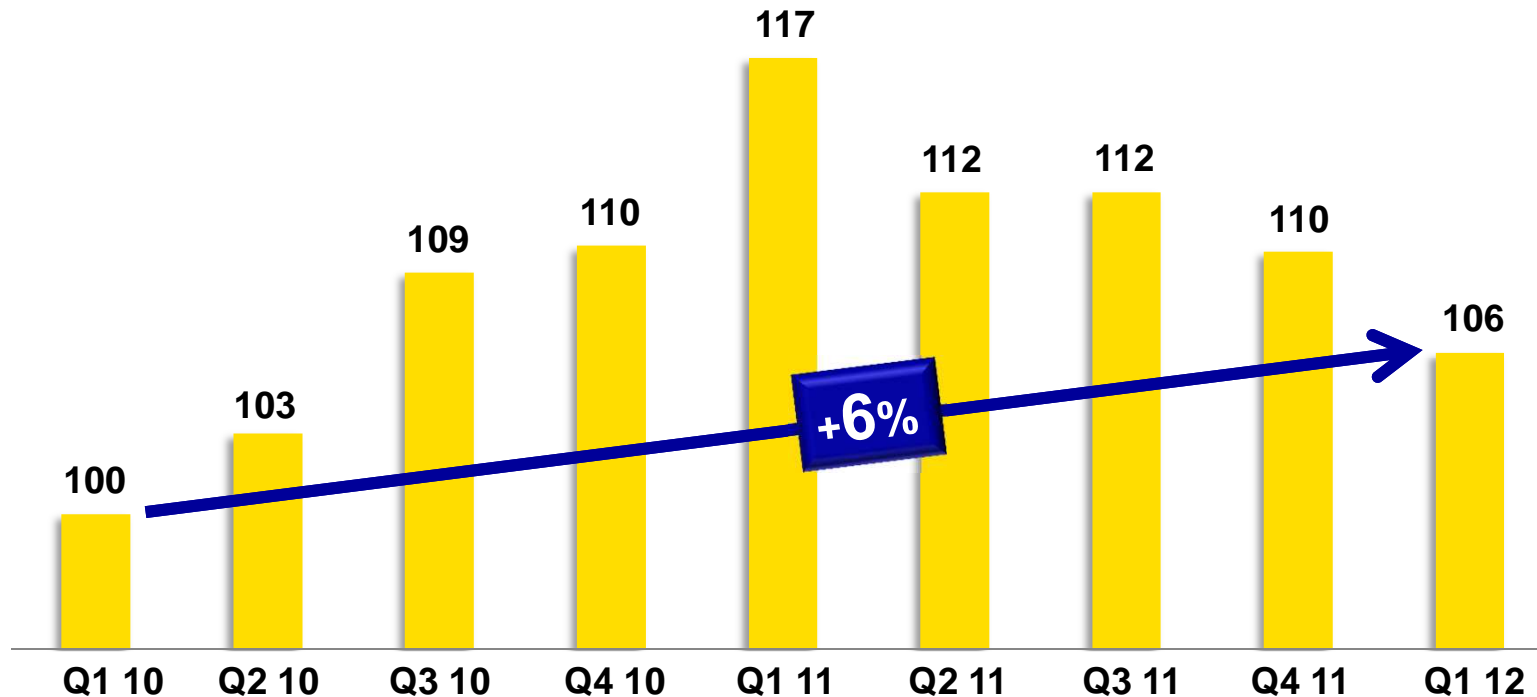




High Prior-Year Comparatives and Dealer Inventory Drawdowns

Tonnages sold

(Base 100 = Q1 2010)





02

Markets: Mixed but Down Overall

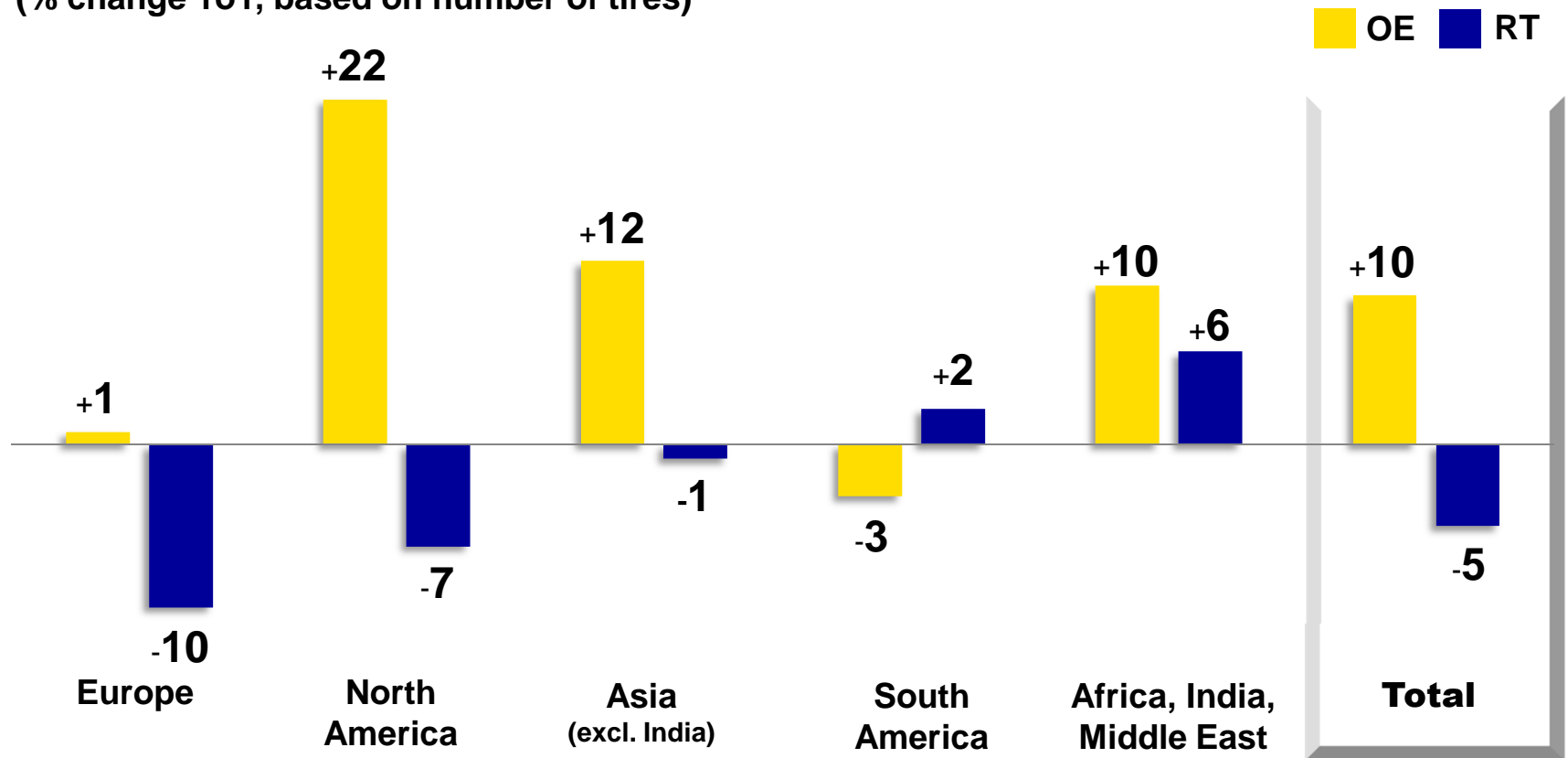




PCLT: RT Sales Dampened by Inventory in Q1 2012 Drawdowns Compared with Buildup in Q1-2011

Markets at March 31, 2012

(% change YoY, based on number of tires)



Source: Michelin

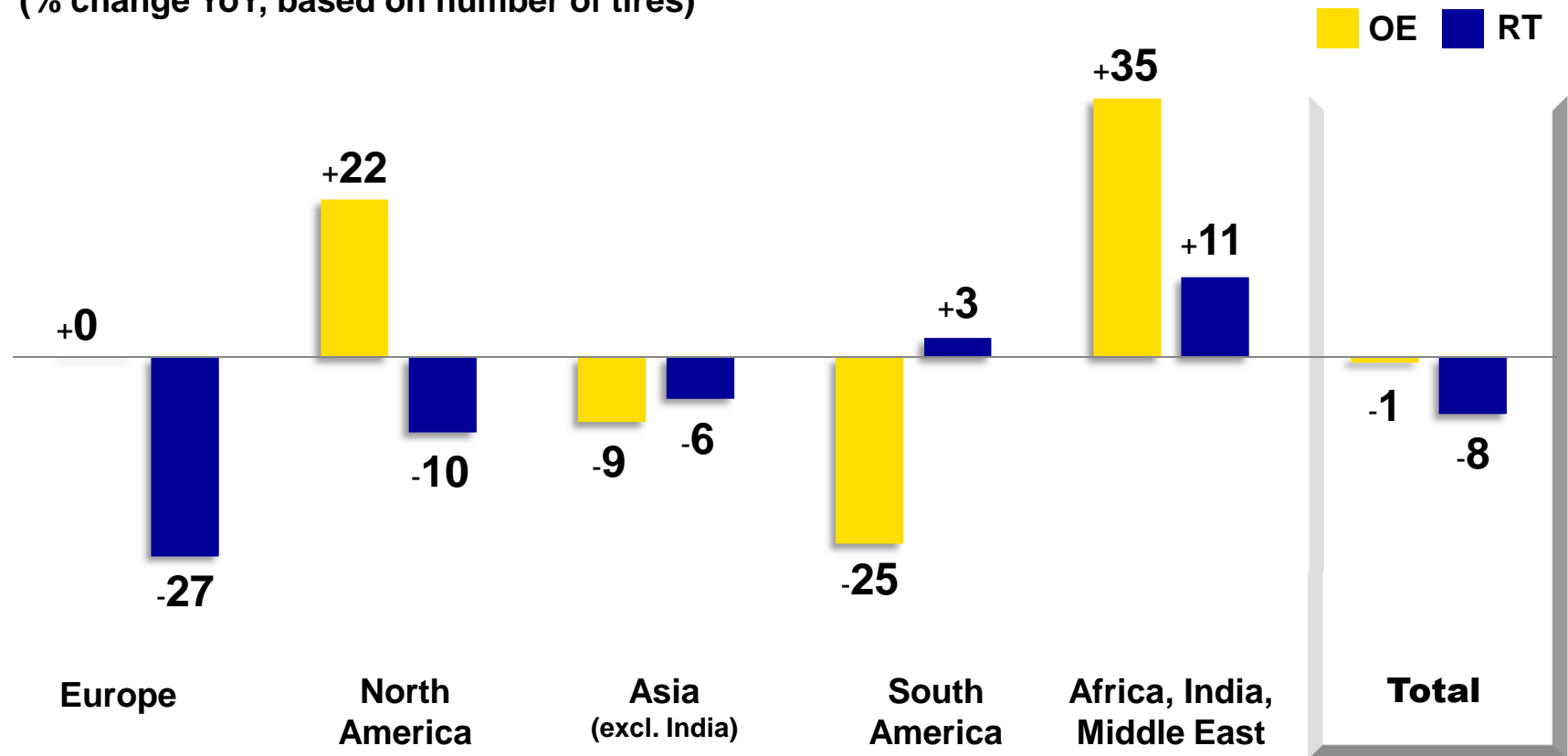




Truck Tires: Steep Fall-Off in Europe

Radial markets at March 31, 2012

(% change YoY, based on number of tires)



Source: Michelin

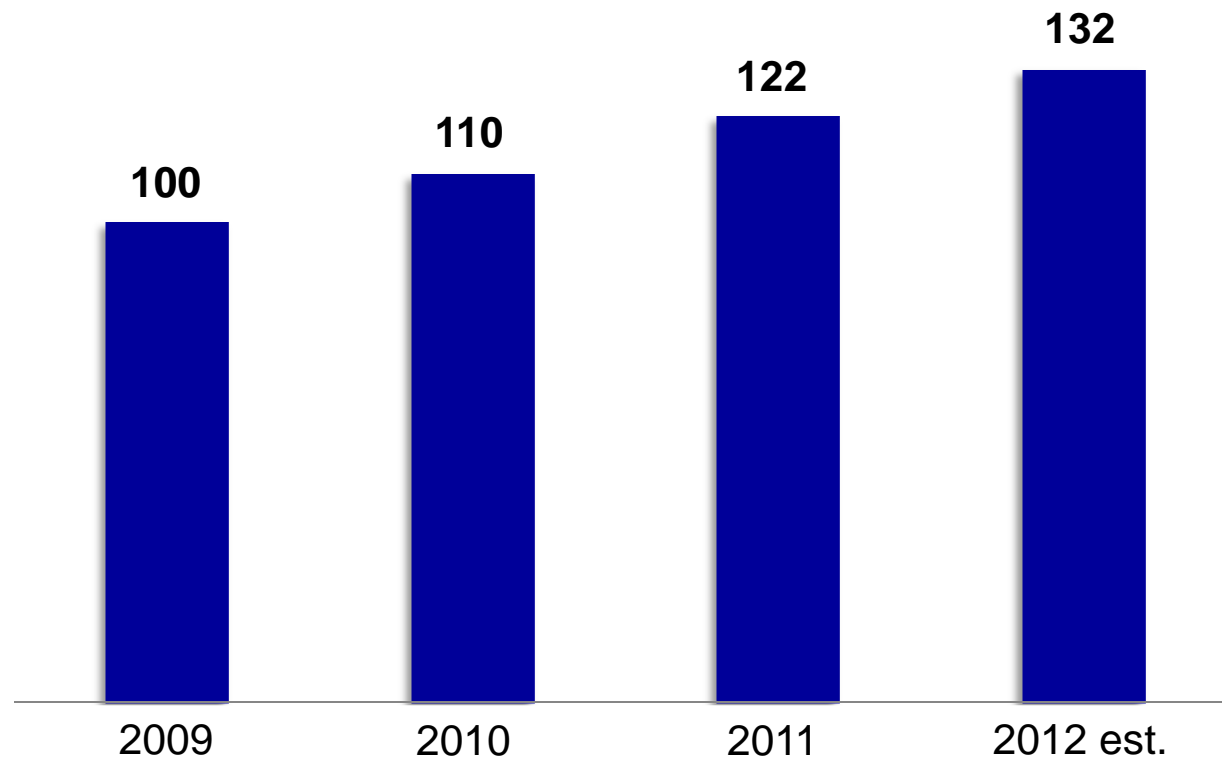




Specialty Businesses: Sustained Growth

Mining Tire Market

(In tonnes, base 100 = 2009)



Source: Michelin





03

Reporting Segments: Impact of the Pricing Policy





PC< Tires and Distribution: Dealer Destocking and Hesitant Customers



Passenger Car and Light Truck

In € millions	Q1 2012	Q1 2011	% Change
Net Sales	2,760	2,683	+2.9%
Volume growth	-8.9%		

- **Volume growth dampened by:**
 - *High prior-year comparatives due to the price increases starting as early as April 2011*
 - *Sustained dealer inventory drawdowns*
 - *Hesitant markets*
- **Full impact of the 2011 pricing policy and the premium strategy**





Truck Tires and Distribution: Firm Prices, Volumes in Line with Market Trends



Truck

In € millions	Q1 2012	Q1 2011	% Change
Net Sales	1,604	1,606	-0.1%
Volume growth	-16.3%		

- **Volume performance varied by market:**
 - *Europe down, especially in Southern Europe*
 - *Firmer performance in North America*
- **Dealers are drawing down inventory**
- **Assertive strategy of increasing profitability, in particular by improving price positioning**
- **Product plan now being refreshed**





Specialty Businesses: Sustained Growth, Held Back in 2012 by Lack of Capacity



Specialty Businesses

In € millions	Q1 2012	Q1 2011	% Change
Net Sales	940	759	+23.8%
Volume growth	+6.2%		

- Firm demand and volumes
- Prices holding steady and still positive impact from raw materials clauses





04

Guidance





2012 Guidance Confirmed

- **Stable volumes**
 - *The 2nd half will benefit from a more favorable basis of comparison and the phase-out of inventory drawdowns*
 - *Passenger Car & Light Truck and Truck markets will be weak in Europe, resilient in North America and more vigorous in the growth regions*
 - *Specialty markets will continue to trend upwards*
- **Favorable price effect despite the contractual adjustments coming in July, expected to be downwards**
- **Clear increase in operating income**
- **Ambitious €1,900-million capex program, focused on the technological segments**
- **Positive free cash flow* after capex and before the impact of the Paris property disposal**

* Based on the raw materials headwind assumption (€300-350m)





Key Takeaways

- **Stable volumes in 2012 confirmed**
- **Firm prices**
- **Ambitious capex programs focused on the technological segments**
- **Positive 2012 FCF before the property disposal**





Contacts

Investor Relations

**Valérie Magloire
Alban de Saint Martin**

+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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