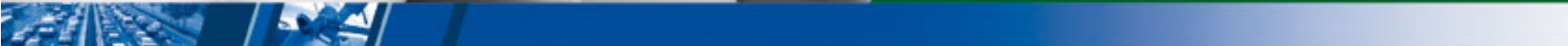
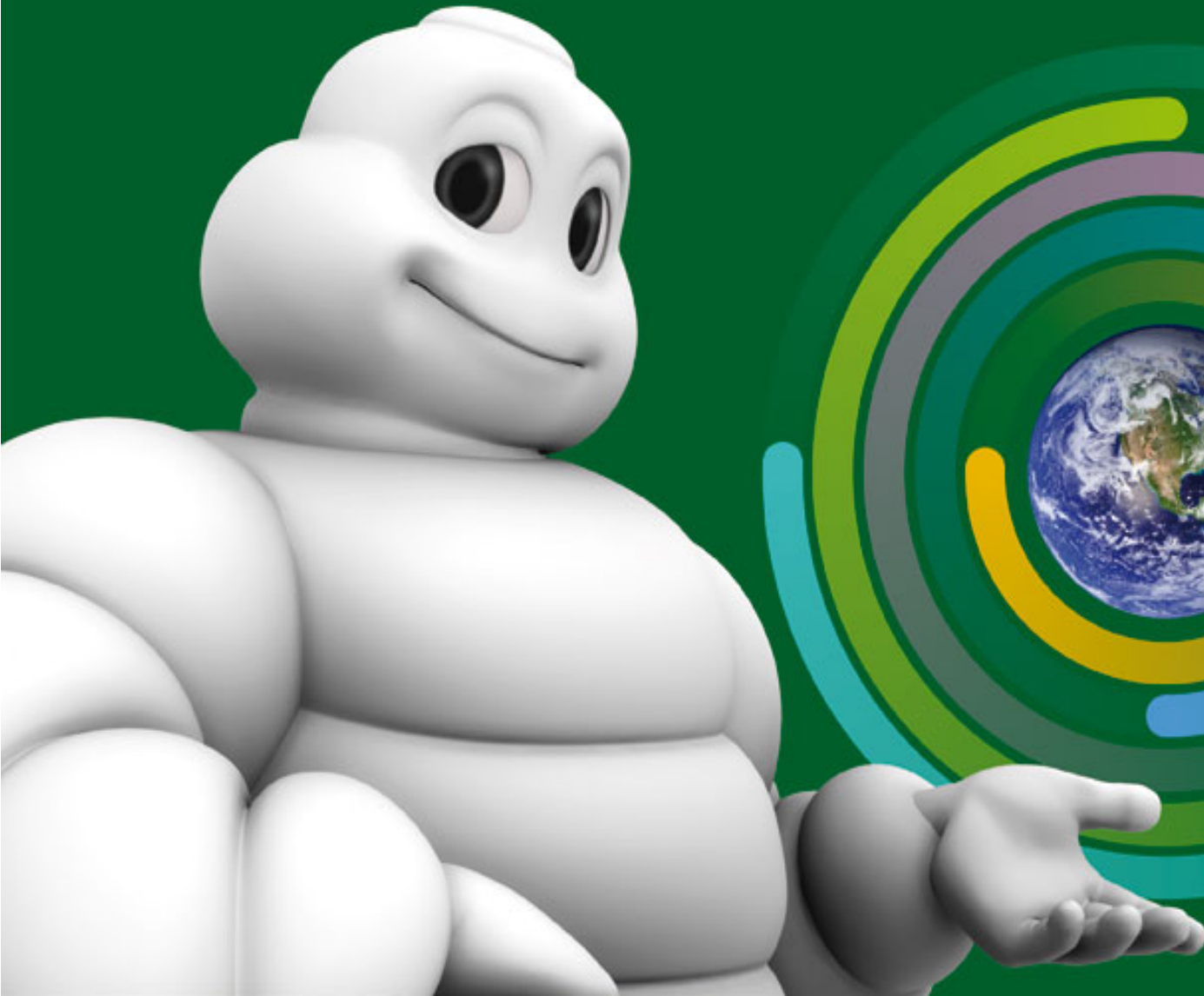


FIRST-HALF 2009 RESULTS





# First-Half 2009 Financial Highlights

		<i>% Change YoY</i>
<b>Net sales</b>	€7,134m	-13.4%
<b>Operating income before non-recurring items</b>	€282m	-60.2%
<b>Operating margin before non-recurring items</b>	4.0%	-4.6 pts
<b>Net Loss</b>	€(122)m	N/M*
<b>Net debt-to-equity ratio</b>	75%	9 pts improvement (vs. Dec. 31, 2008)
<b>Free cash flow**</b>	€+575m	€+1,020m

\*Non meaningful

\*\*Cash-flow from operating activities less cash flow from investing activities





1. Withstanding the steep decline in demand

2. Maintaining Group profitability

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# Sharp Drop in World Markets

Markets at June 30, 2009  
% change YoY

## Passenger Car/Light Truck

	Europe with CIS	North America	Asia	South America	Africa Middle East	Total
Original Equipment	-33.1	-51.0	-17.3	-20.7	-25.0	-29.1
Replacement	-12.1*	-10.7	-4.6	-7.4	-5.2	-9.4

\*Europe excluding CIS: -6.5%

## Truck (radial market)

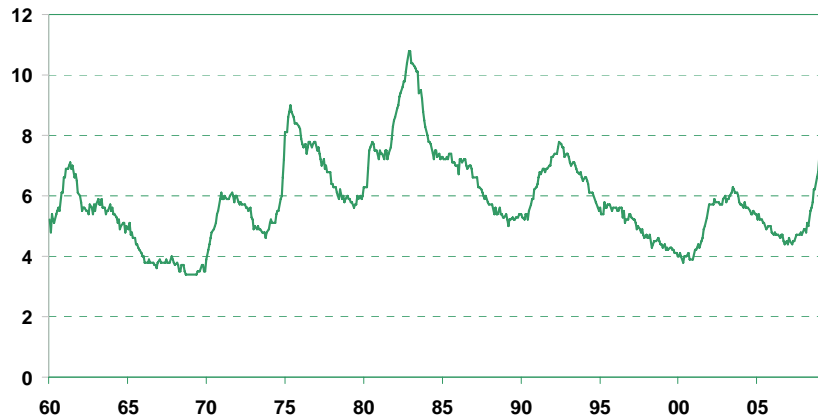
	Europe with CIS	North America	Asia	South America	Africa Middle East	Total
Original Equipment	-67.4	-47.8	-21.9	-30.7	-25.1	-44.5
Replacement	-31.4	-18.2	-12.0	-22.3	-7.1	-17.2





# US Economic Indicators Continued to Weaken in H1 2009

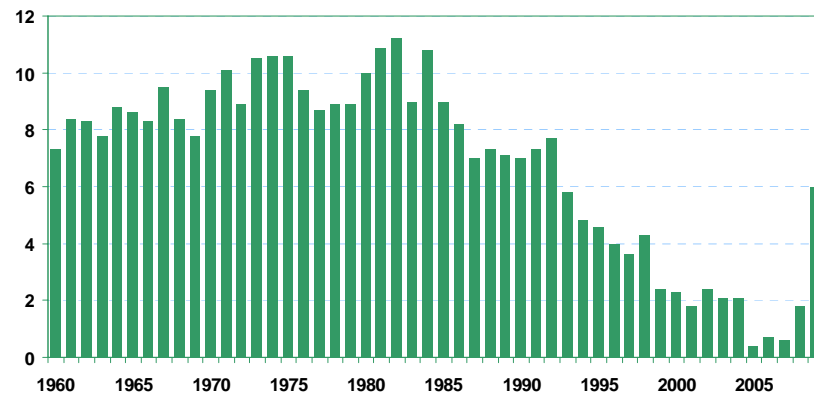
**Unemployment rate**  
(adjusted for seasonal fluctuations)



**Average hourly wage**  
(% change, YOY)



**Private savings rate**  
(as a % of disposable income)



**Construction starts**  
(thousands, rolling 12 months)

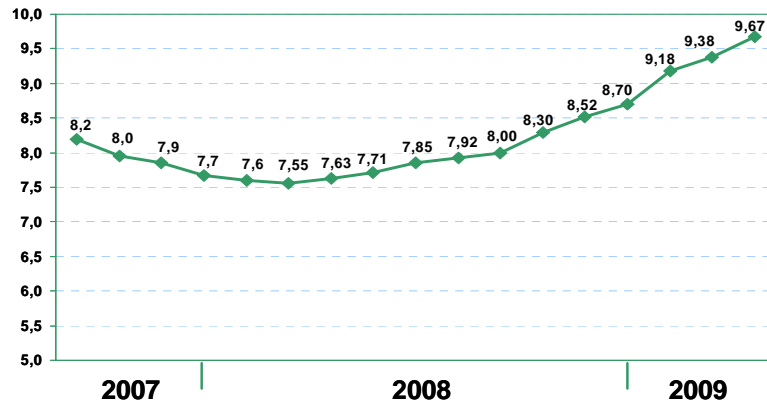




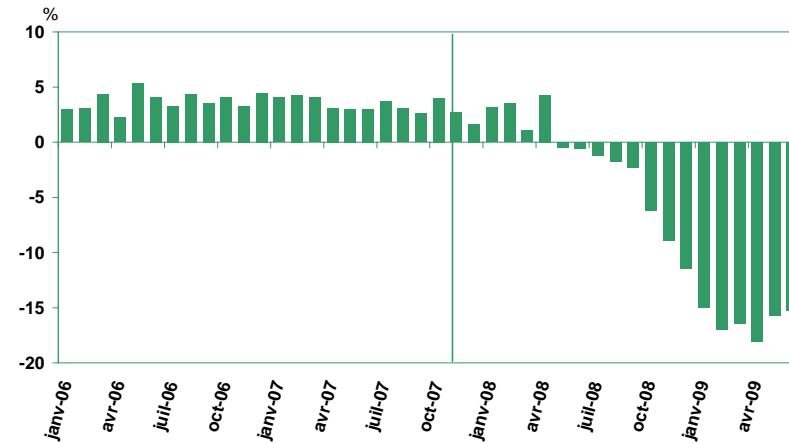


# Similar Macroeconomic Scenario in Europe

## Europe OECD Unemployment Rate

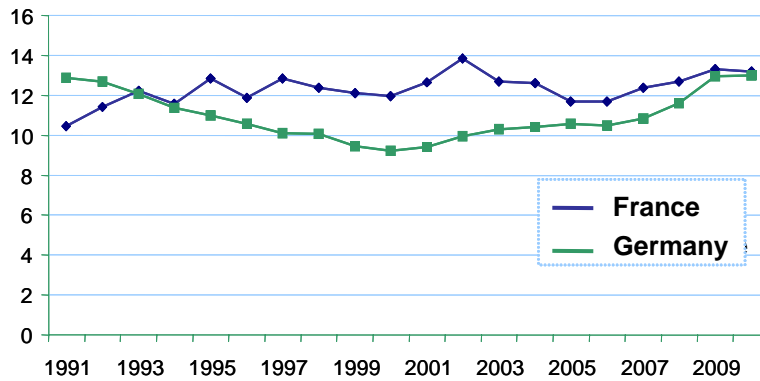


## Industrial Production

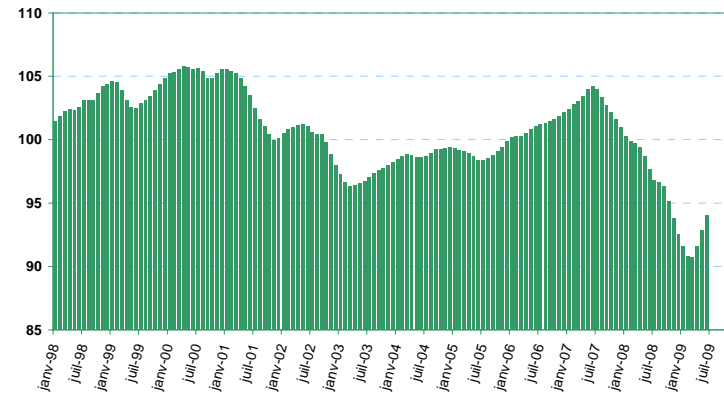


Source: Global Insight

## Private Savings Rate



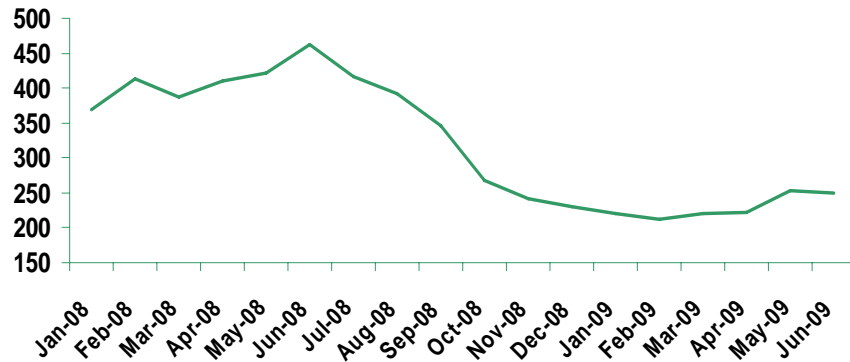
## Customer Satisfaction Index



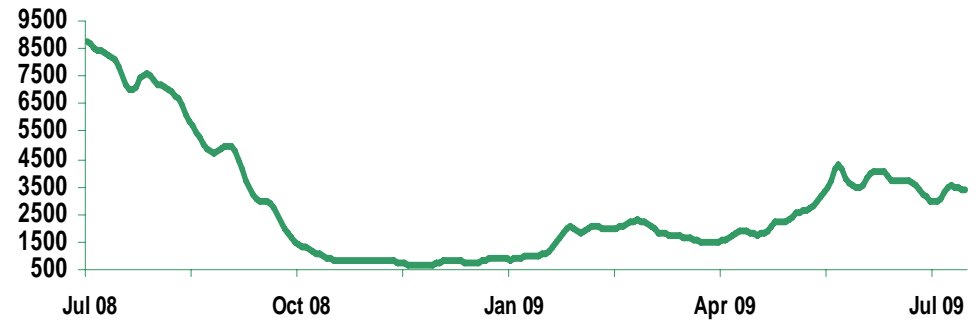


# Chinese Inventory Rebuilding Insufficient to Qualify as a True Global Economic Upturn

### Reuters/Jefferies-CRB Index\*

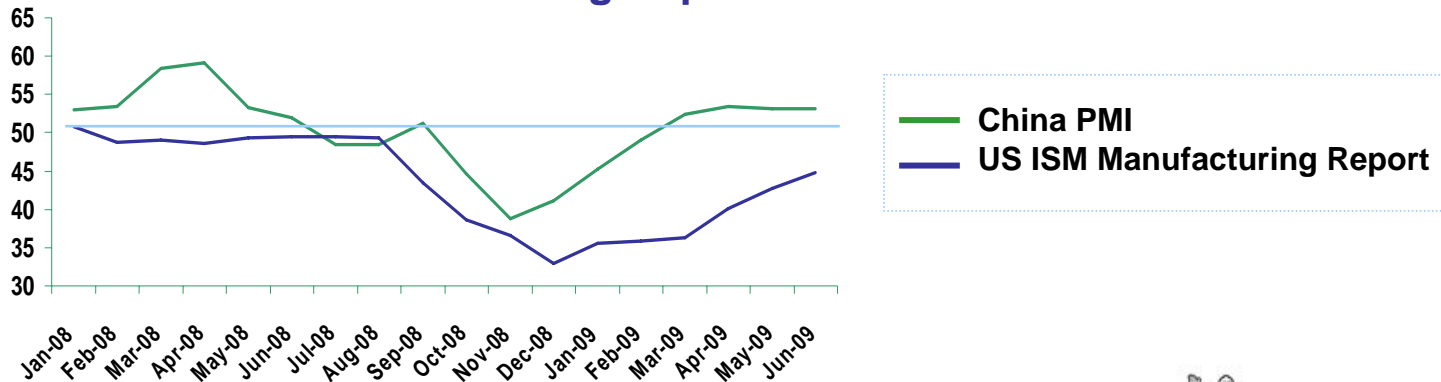


### Baltic Dry Index



\*Raw Material Purchase Index

### China Purchase Manager Index (PMI) & ISM Manufacturing Report





# Heavy Destocking in H1

## Europe

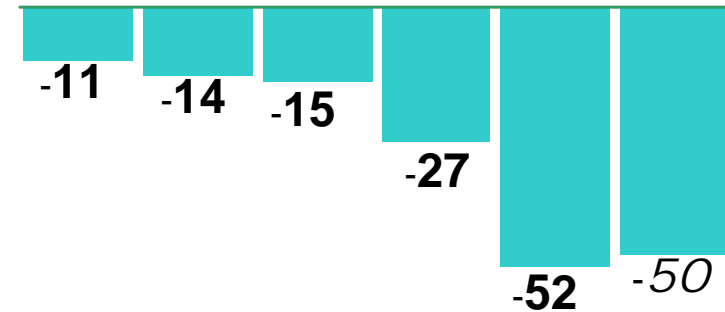
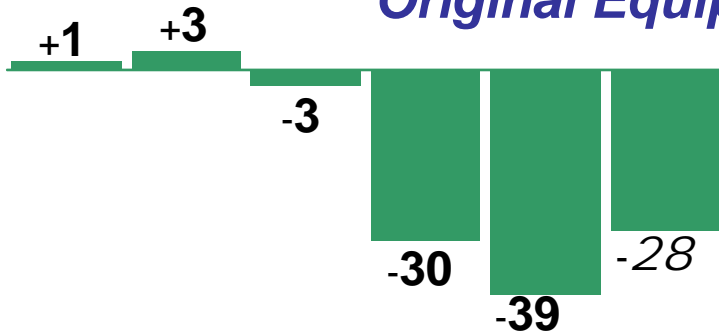
Q1	Q2	Q3	Q4	Q1	Q2
08	08	08	08	09	09



## North America

Q1	Q2	Q3	Q4	Q1	Q2
08	08	08	08	09	09

### Original Equipment Markets change in %



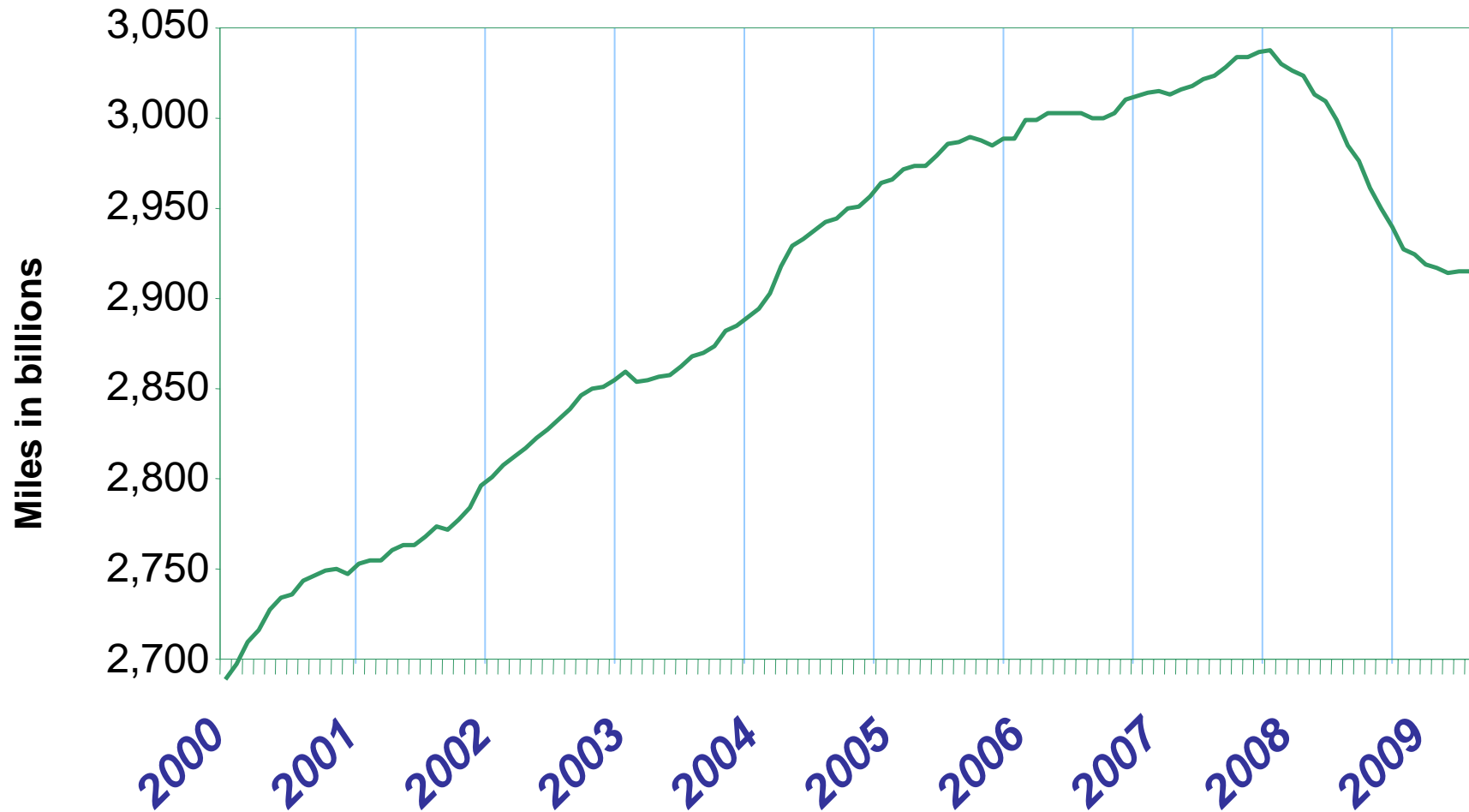
### Replacement Markets change in %







## Slight Improvement in US Vehicle Miles Traveled in April and May





# OE\* Markets tending to bottom out at very low level Huge Destocking in Replacement Markets

## Europe

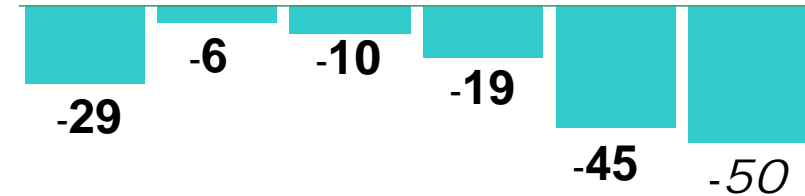
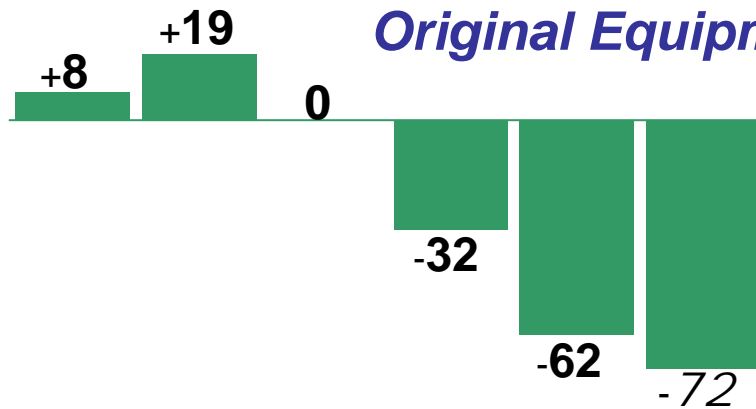
Q1	Q2	Q3	Q4	Q1	Q2
08	08	08	08	09	09



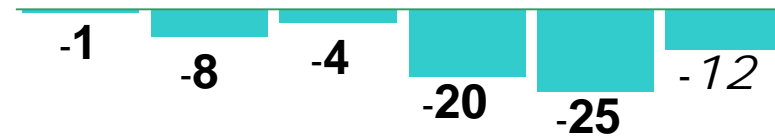
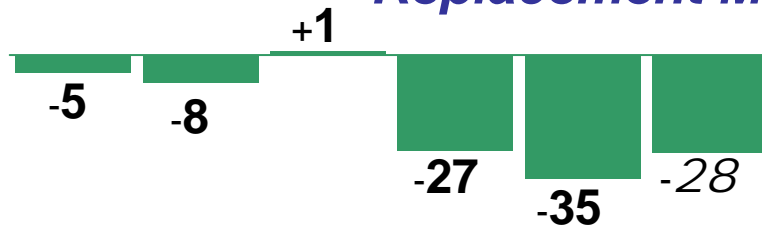
## North America

Q1	Q2	Q3	Q4	Q1	Q2
08	08	08	08	09	09

**Original Equipment Markets change in %**



**Replacement Markets change in %**



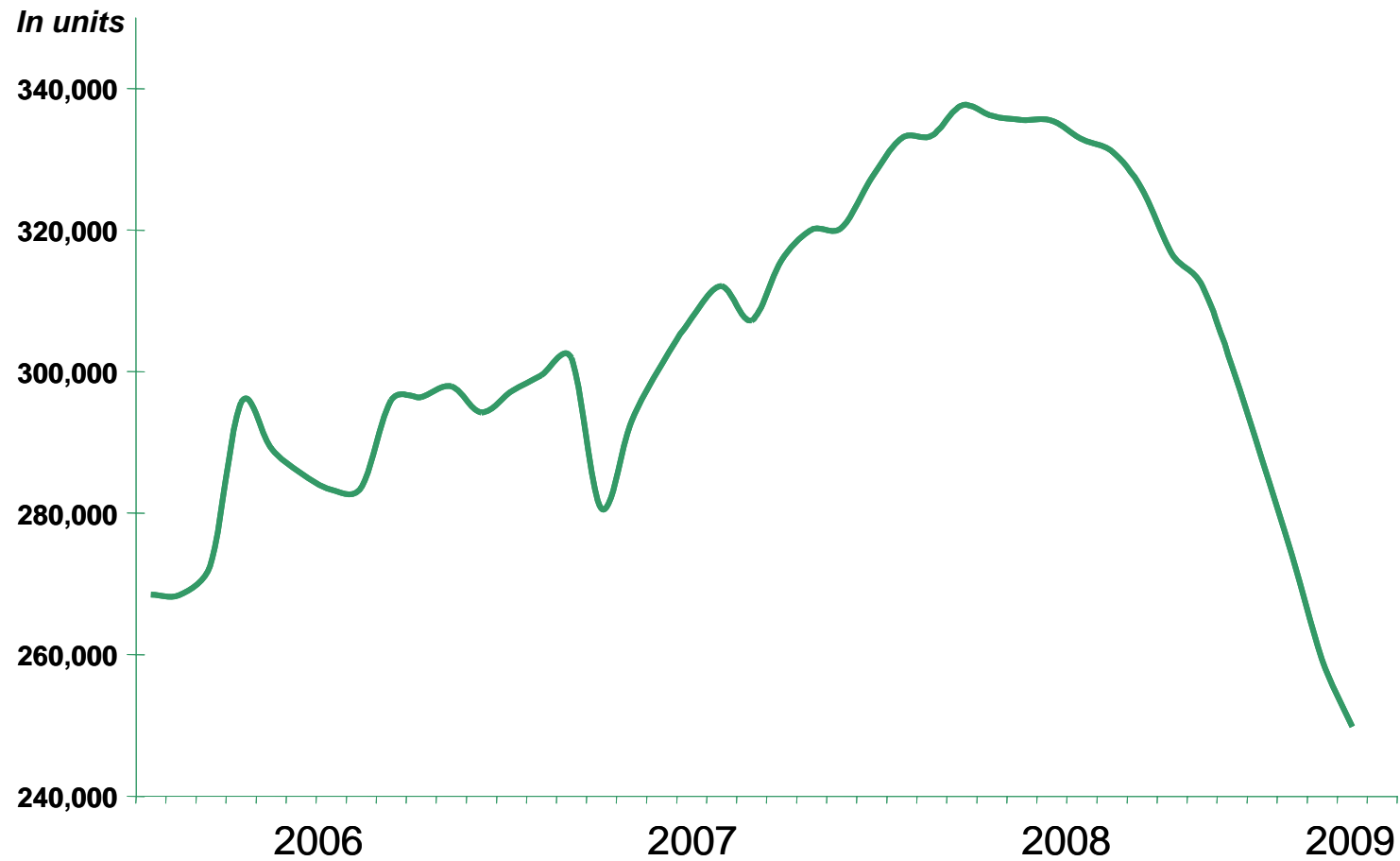
\* Original Equipment





# Steep Drop in Truck Registrations in Europe

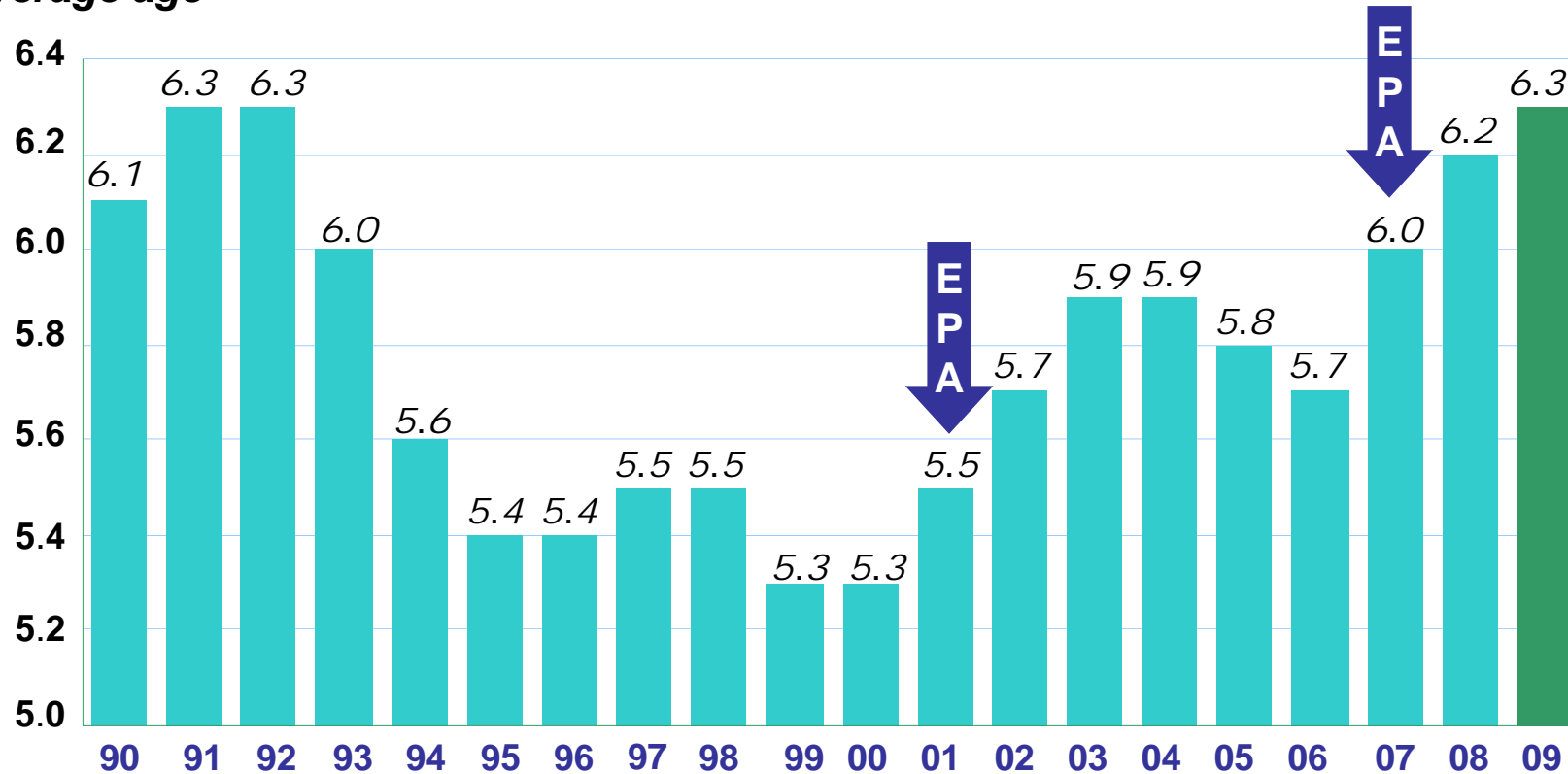
## Truck Registration Trends >16t in rolling 12 months





# Average US Truck Fleet Age at Historic High

Average age



 Environmental Protection Agency New Regulation

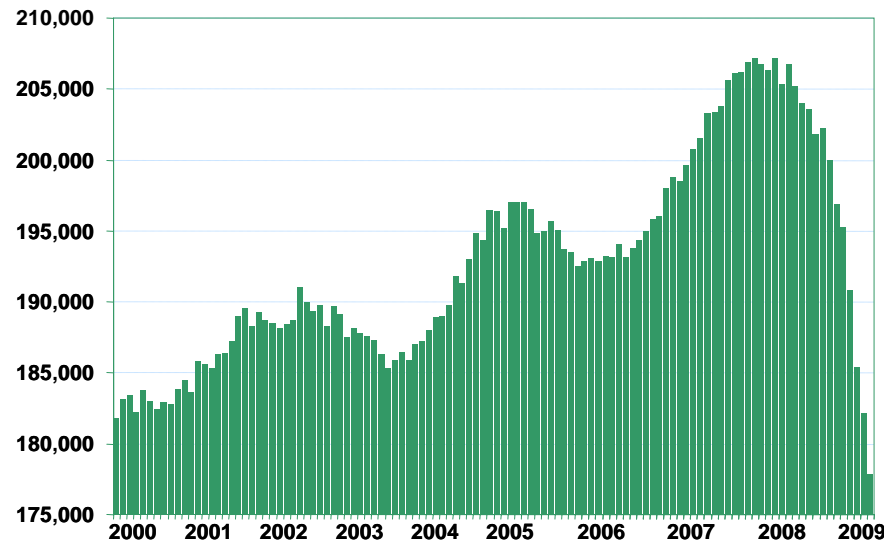




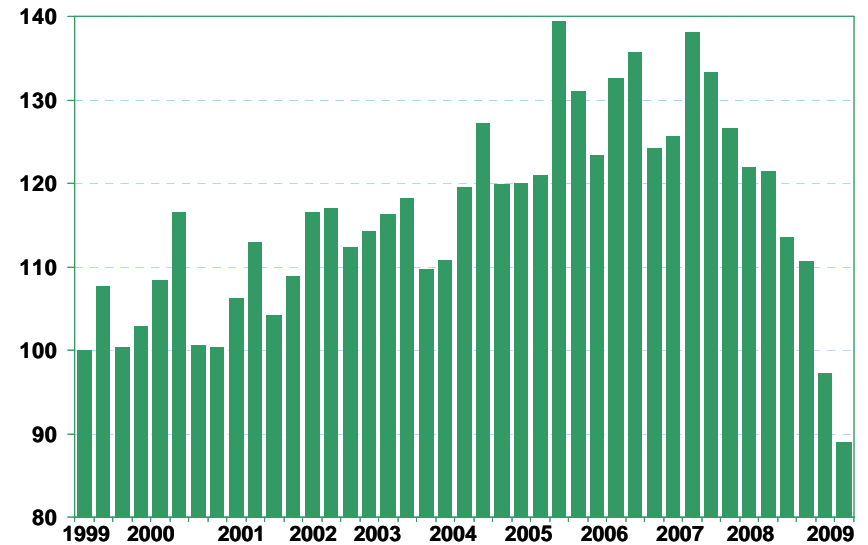
# Western Europe Freight Tonnage Down approx. 15% vs Q4 2008

## Monthly Truck Tonnage in France and Spain (as of May 31, 2009)

In France



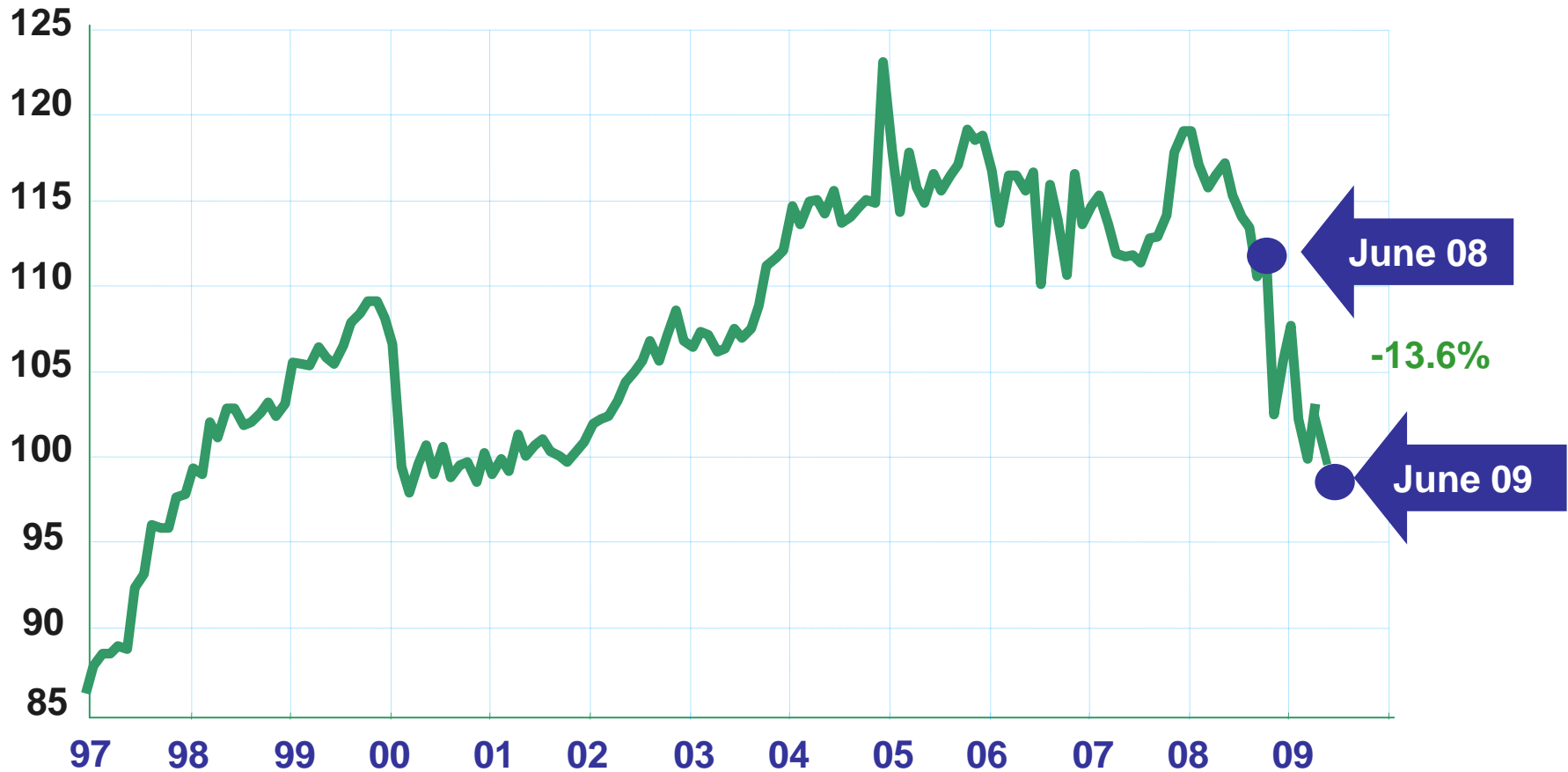
In Spain





# US Freight Tonnage Down 13.6% Since June 2008

## Truck Tonnage in the United States (as of June 30, 2009)



Source: ATA Truck Tonnage Index







1. Withstanding the steep decline in demand

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5. Improving competitiveness

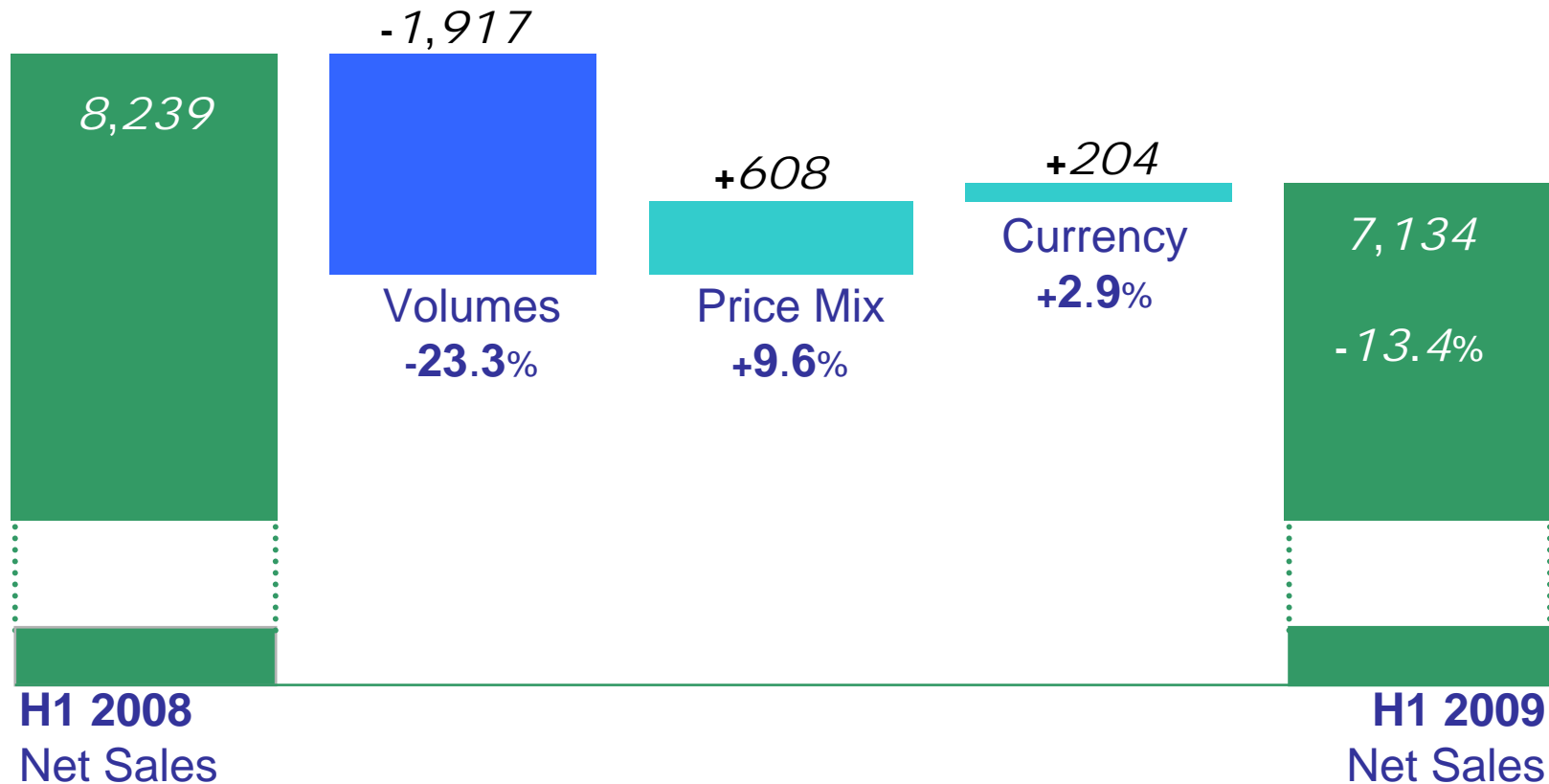
6. Differentiating products and services





# Net Sales Declined by 13.4% at Current Exchange Rates

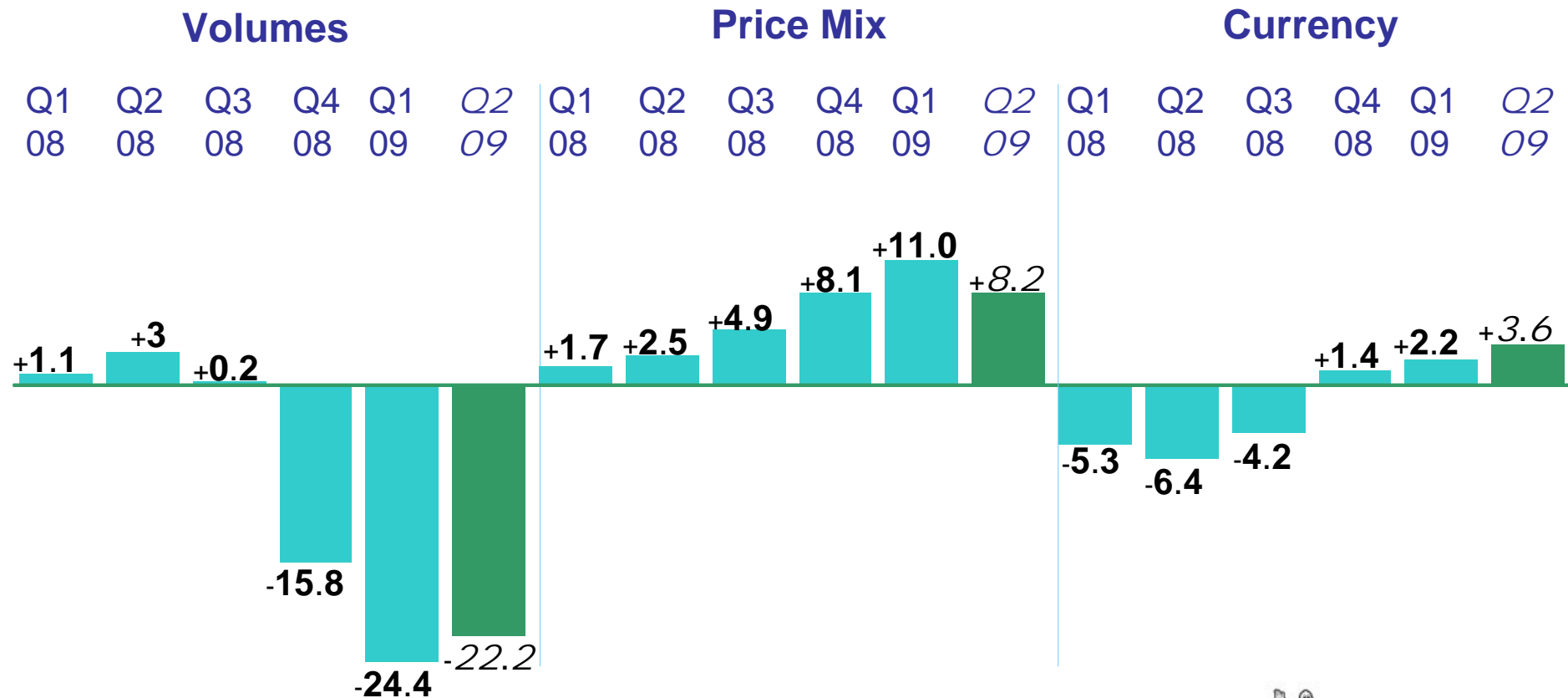
YoY change (in €millions) as a % of net sales





# Sharp Drop in H1 Volumes Price Mix Steady

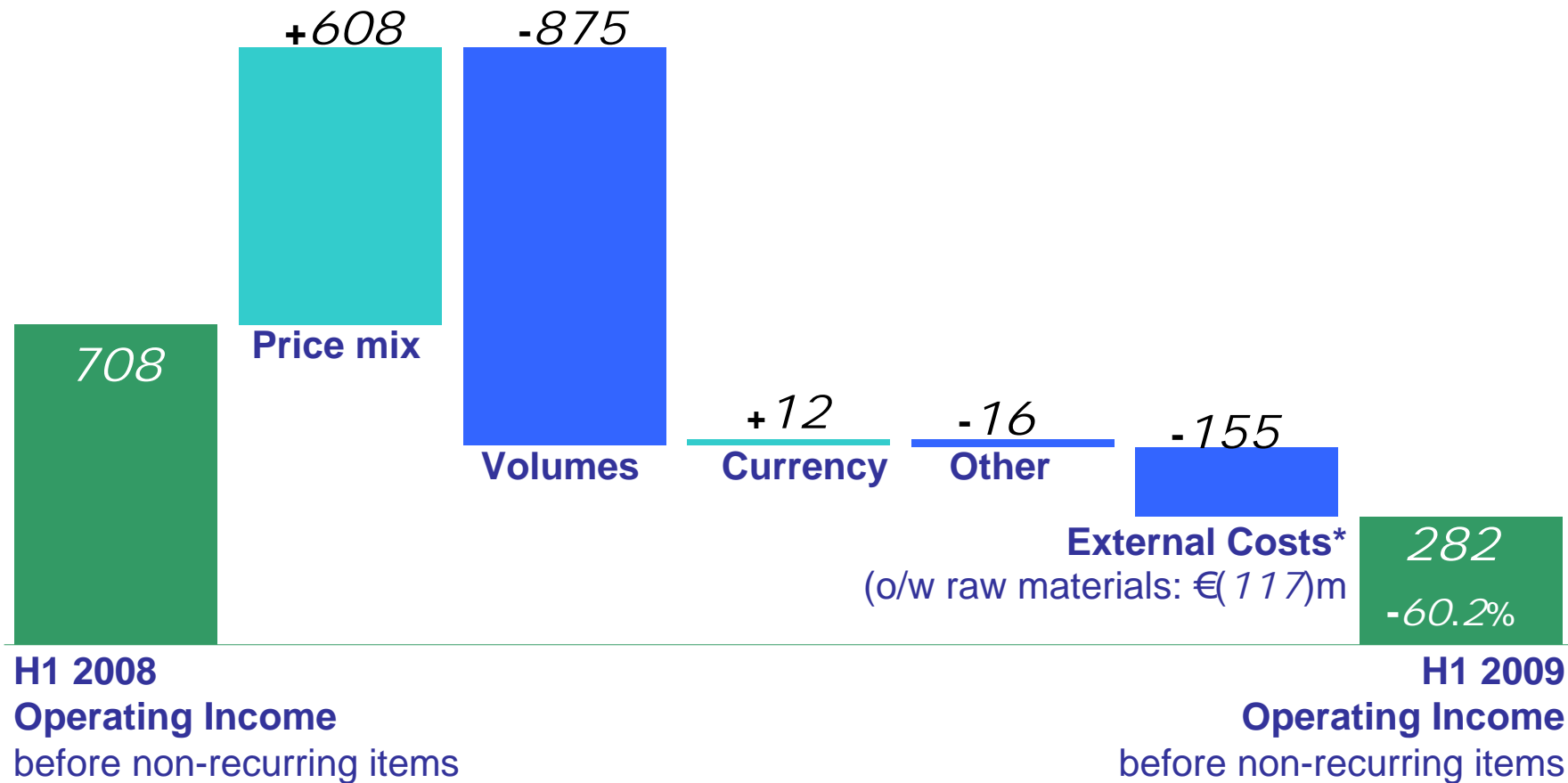
YoY change in %





# Operating Income: Sharp Drop in Volumes Partly Offset by the Price Mix

YoY in €millions, as a % of sales



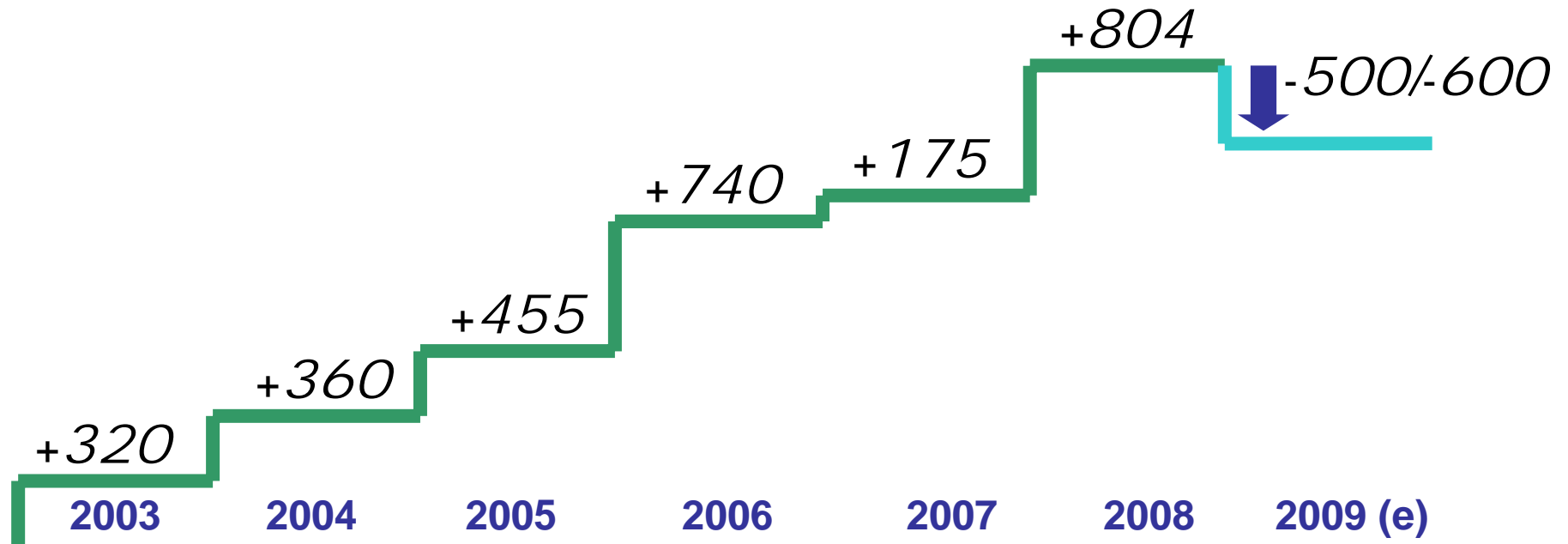
\*External costs: raw materials, energy, logistics at constant exchange rates





# Raw Materials Costs Down €-500/-600M in 2009 After Six Years of Increases

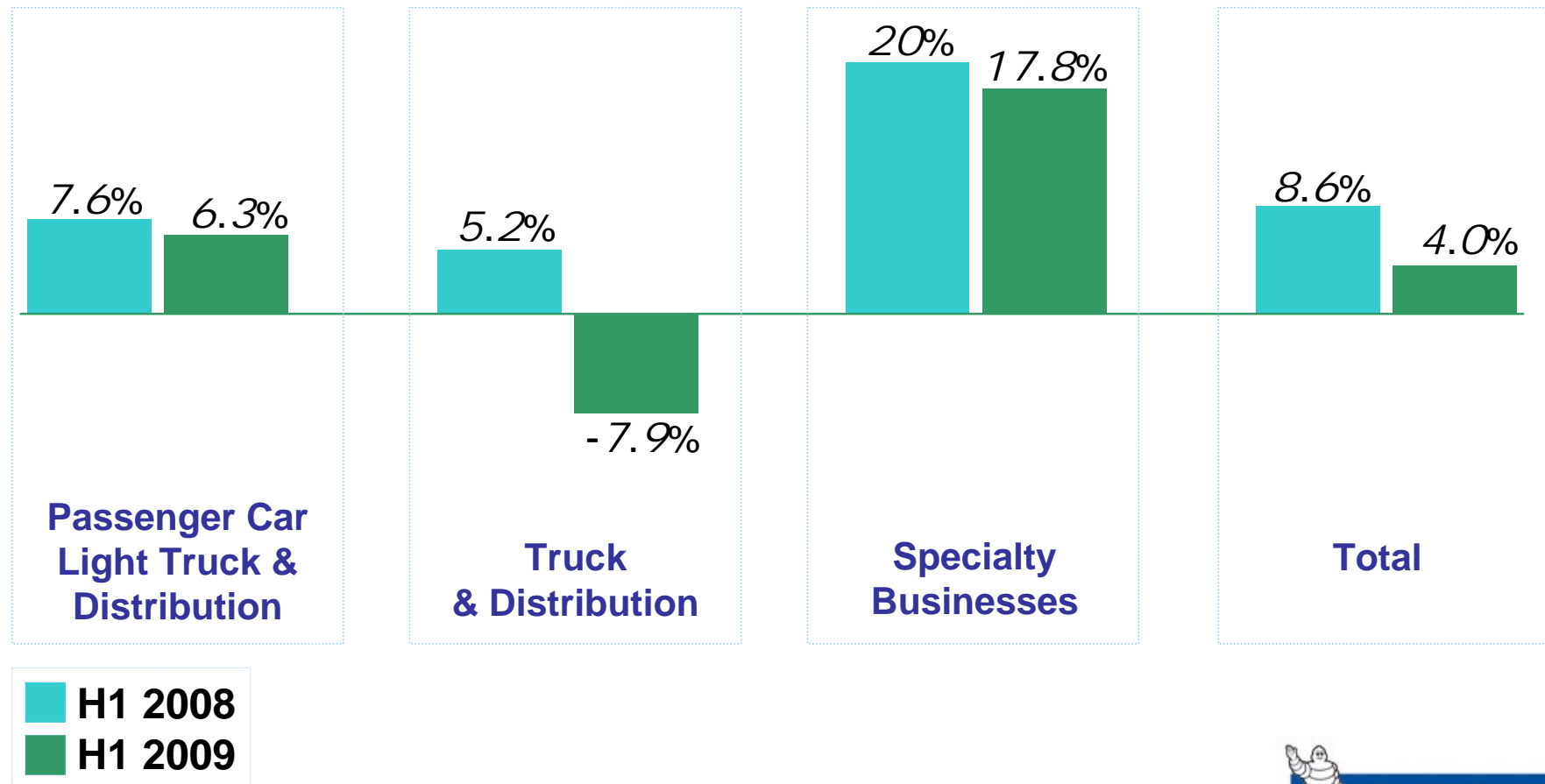
In € millions  
(at constant exchange rates)





# Firm Resistance in Passenger Car and Specialty Businesses – Steep Drop in Truck Tires

Operating margin before non-recurring items, as a % of net sales







# Good Resilience of the Michelin Brand

## Passenger Car Light Truck & Related Distribution



	<i>H1 2009</i> <i>(in € millions)</i>	<i>YoY</i> <i>(% change)</i>
<i>Net Sales</i>	3,949	-9.4%
<i>Operating Income</i> <i>(before non-recurring items)</i>	247	-25.6%
<i>Operating Margin</i> <i>(before non-recurring items)</i>	6.3%	-1.3 points





# Significant Drop in Volumes

## Truck & Related Distribution



	<i>H1 2009</i> <i>(in € millions)</i>	<i>YoY</i> <i>(% change)</i>
<i>Net Sales</i>	2,071	-23.2%
<i>Operating Income</i> <i>(before non-recurring items)</i>	(163)	N/M
<i>Operating Margin</i> <i>(before non-recurring items)</i>	-7.9%	-13.1 point





# Sustained High Margins

## Specialty Businesses



	<i>H1 2009 (in € millions)</i>	<i>YoY (% change )</i>
<i>Net Sales</i>	<i>1,114</i>	<i>-6.1%</i>
<i>Operating Income (before non-recurring items)</i>	<i>198</i>	<i>-16.5%</i>
<i>Operating Margin (before non-recurring items)</i>	<i>17.8%</i>	<i>-2.2 points</i>



# Strong Impact From Non-Recurring Expenses

in € millions

	H1 2009	H1 2008	YoY
<b>Net Sales</b>	7,134	8,239	-13.4%
<b>Operating Income (before non-recurring items)</b>	282	708	-60.2%
<b>% of net sales</b>	4.0%	8.6%	-4.6 points
<b>Non-Recurring Expenses</b>	(292)	-	-
<b>Operating Income</b>	(10)	708	-
<b>Cost of Net Debt Other Financial Income and Expenses</b>	(138)	(106)	-
<b>Income Tax</b>	+23	(181)	-
<b>Share of Profit from Associates</b>	+3	+9	-
<b>Net Loss</b>	(122)	430	-







1. Withstanding the steep decline in demand
2. Maintaining Group profitability
- 3. Focusing on key business and financial metrics**
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# Strong Free Cash Flow Generation

in €millions

	H1 2009	H1 2008	YoY
<b>EBITDA*</b> (before non-recurring items)	751	1,172	- 421
Change in inventory	<b>+580</b>	<b>-453</b>	<b>+1,033</b>
Change in trade receivables	-17	-110	+93
Change in payables	<b>-490</b>	<b>-131</b>	<b>-359</b>
Tax and finance costs paid	<b>-100</b>	<b>-259</b>	<b>+159</b>
Change in provisions	<b>-24</b>	<b>-131</b>	<b>+107</b>
Other WCR	<b>+263</b>	<b>+86</b>	<b>+177</b>
<b>OPERATING CASH FLOW</b>	<b>963</b>	<b>174</b>	<b>+789</b>
Gross capex	<b>-319</b>	<b>-500</b>	<b>+181</b>
Other	<b>-69</b>	<b>-119</b>	<b>+50</b>
<b>FREE CASH FLOW**</b>	<b>+575</b>	<b>-445</b>	<b>+1,020</b>

\*EBITDA before non-recurring items: operating income excluding depreciation, amortization and impairment of PP&E and intangibles

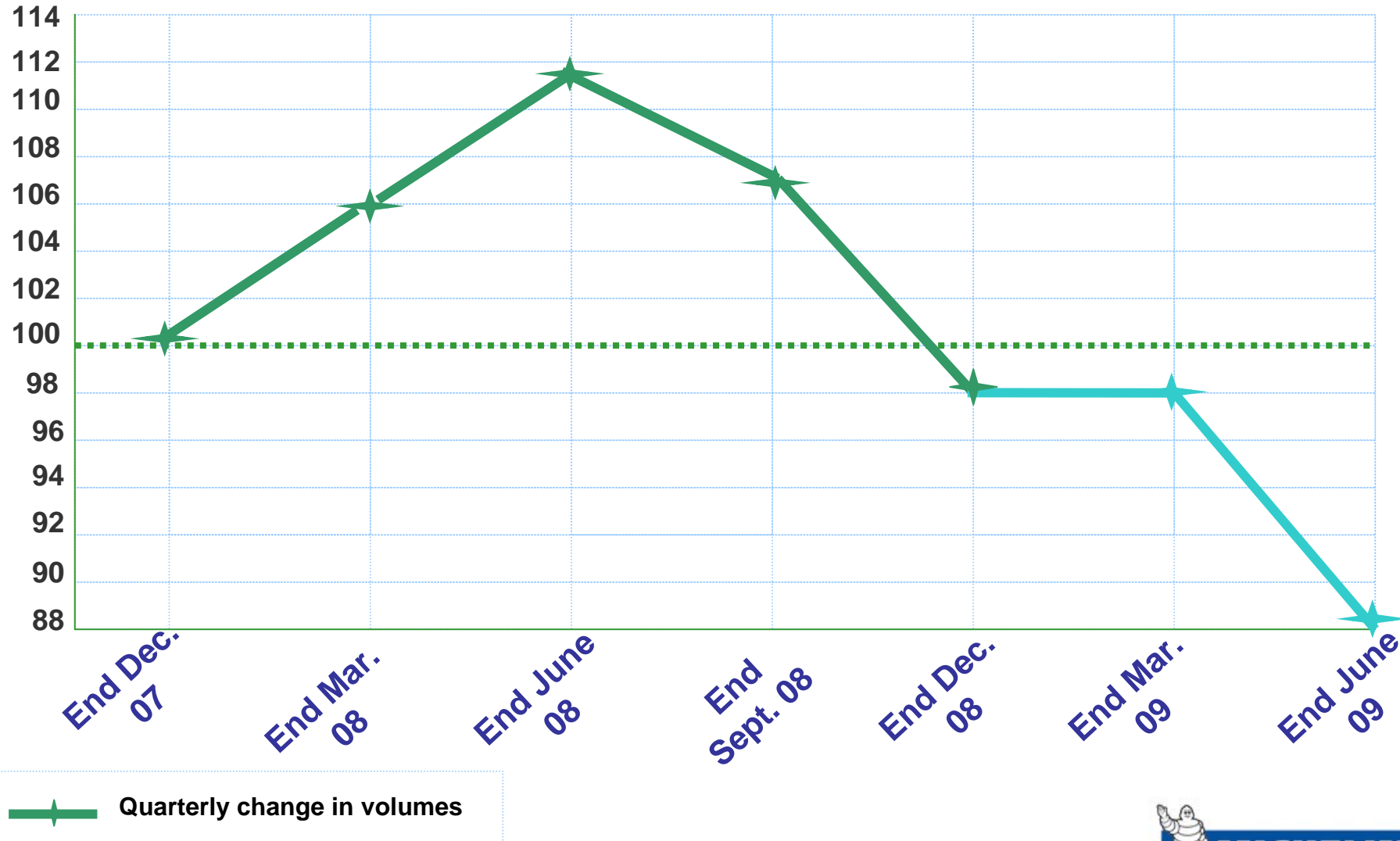
\*\*Free cash flow: operating cash flow less gross capex and other





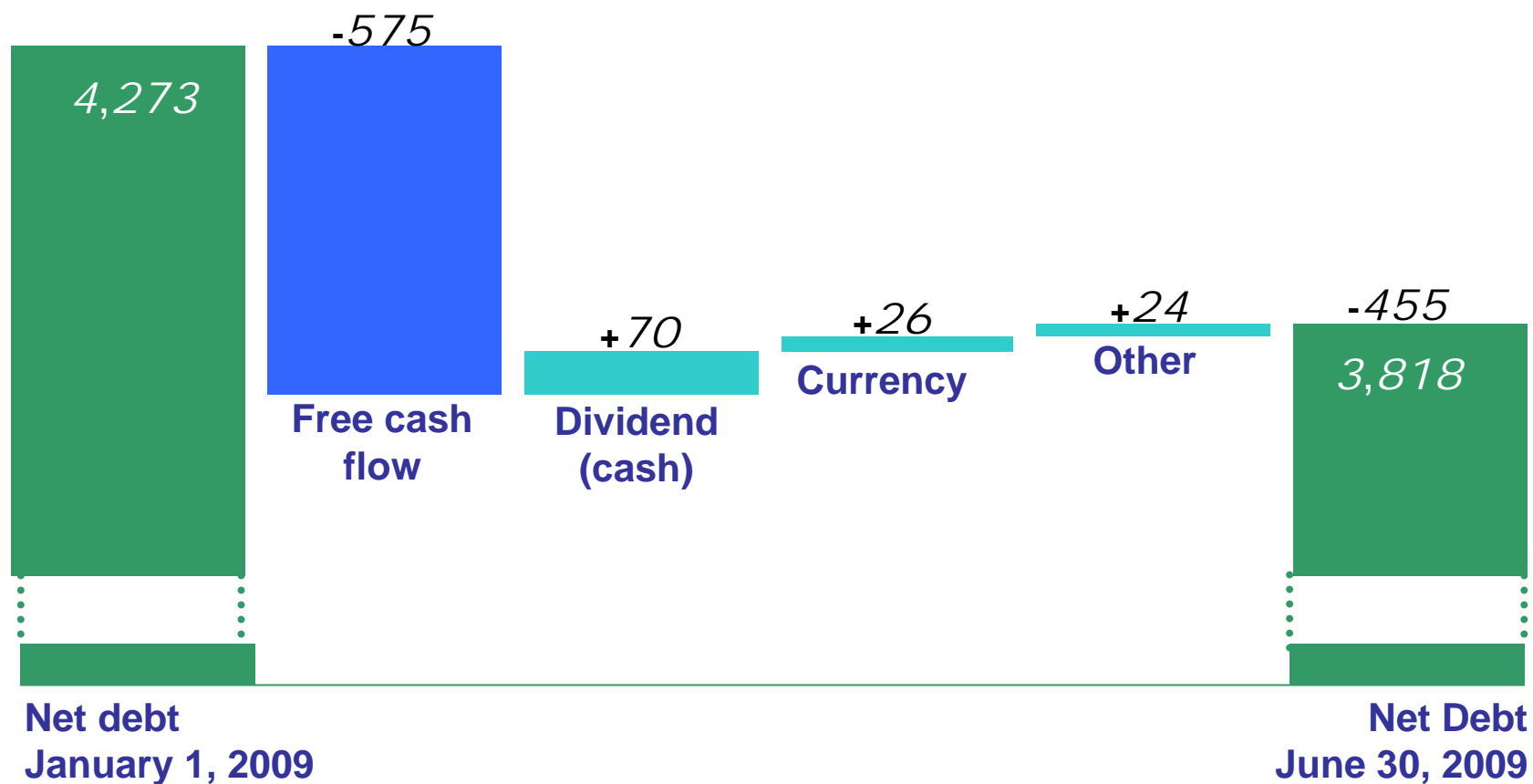


# Responsive Production Actions Have Brought Inventories Under Control



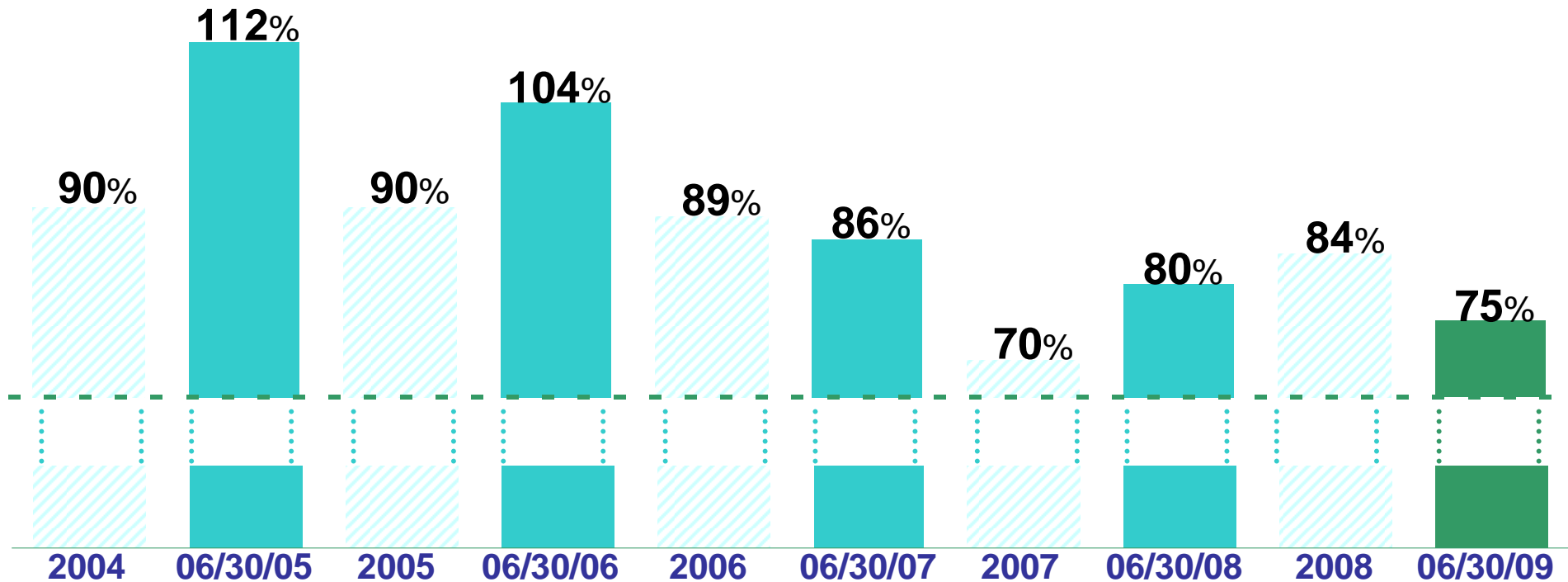
# Sharp Reduction in Net Debt

In €millions





# Record Low Gearing by End-June Despite the Difficult Environment



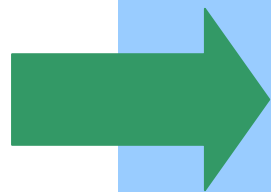
Gearing: Net debt/Equity





## 2009: Focusing on Key Economic and Financial Metrics

- **Strongly improved responsive production actions**
- **Costs under control**
- **Inventory down in volume and in unit value**
- **Capex scaled back sharply except in emerging markets**



**Objective:**

**Generate positive free cash flow in H2**





1. Withstanding the steep decline in demand

2. Maintaining Group profitability

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# Production Capacity in Growth Regions Will Increase

- ▶ **Brazil:**  
new Passenger Car/Light Truck tire plant
- ▶ **India :**  
new Truck and Earthmover tire plant
- ▶ **China:**  
doubling Truck and Passenger Car/Light Truck production capacity







1. Withstanding the steep decline in demand

2. Maintaining Group profitability

3. Focusing on key business and financial metrics

4. Increasing sales in growth regions

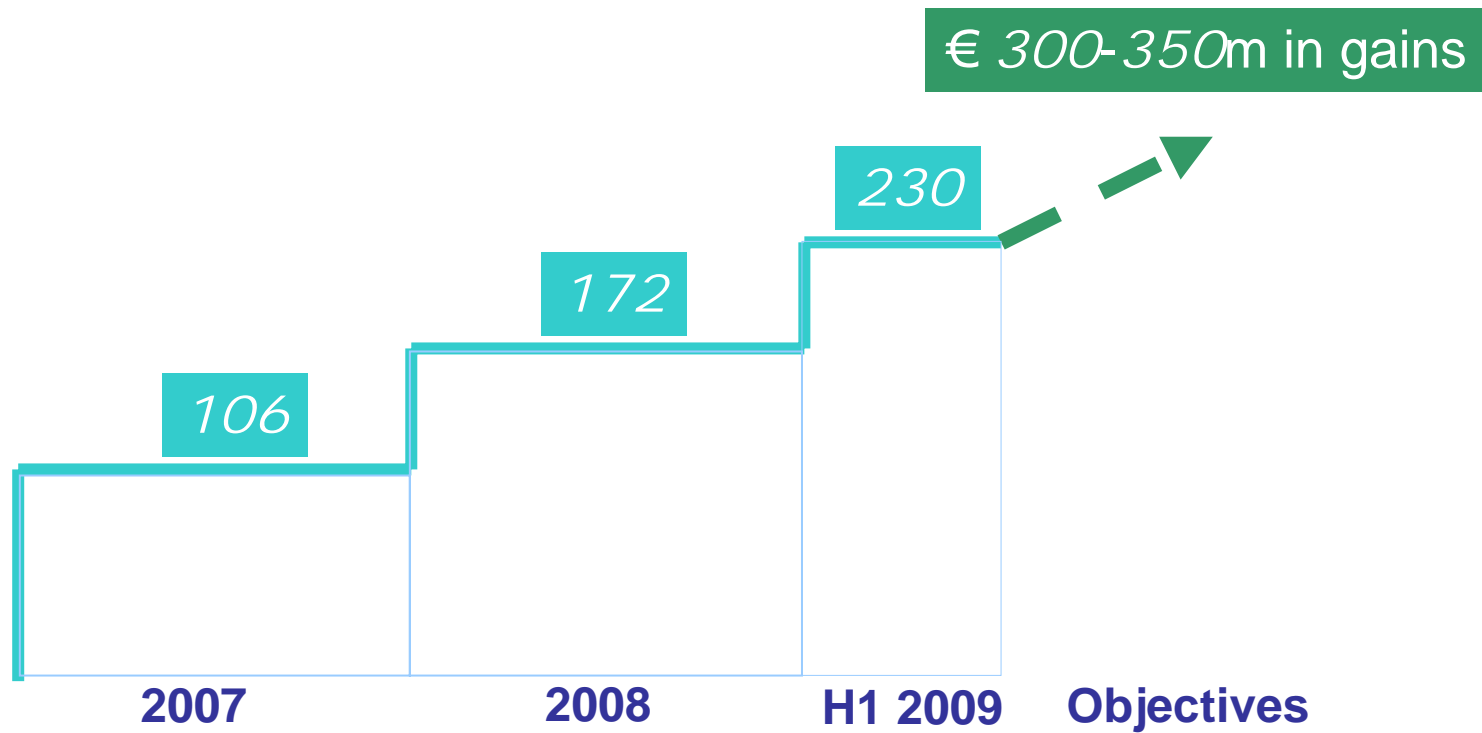
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# Gains in Logistics and SG&A Costs in Line with Objectives



 Cumulated Gains in €millions



# Ongoing Product Range Optimization

MICHELIN  
ENERGY E3A



8,000 g

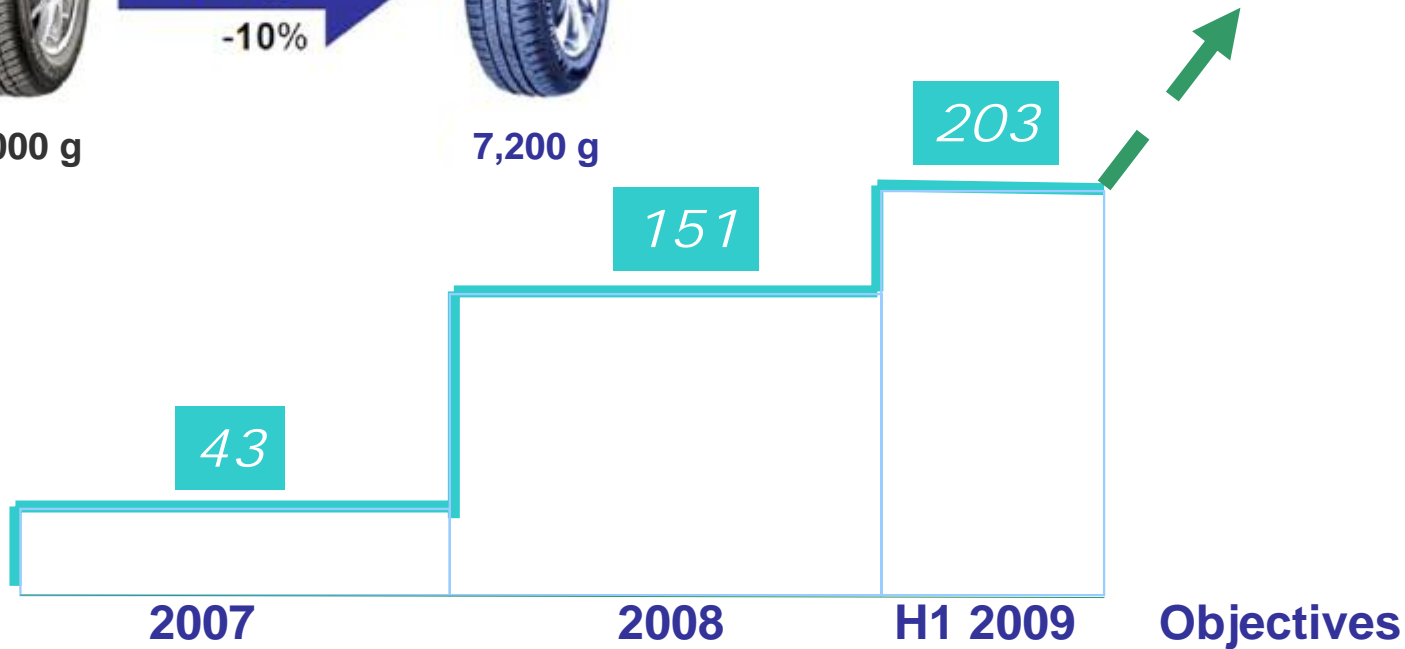


MICHELIN  
ENERGY SAVER



7,200 g

€ 500-550m in gains

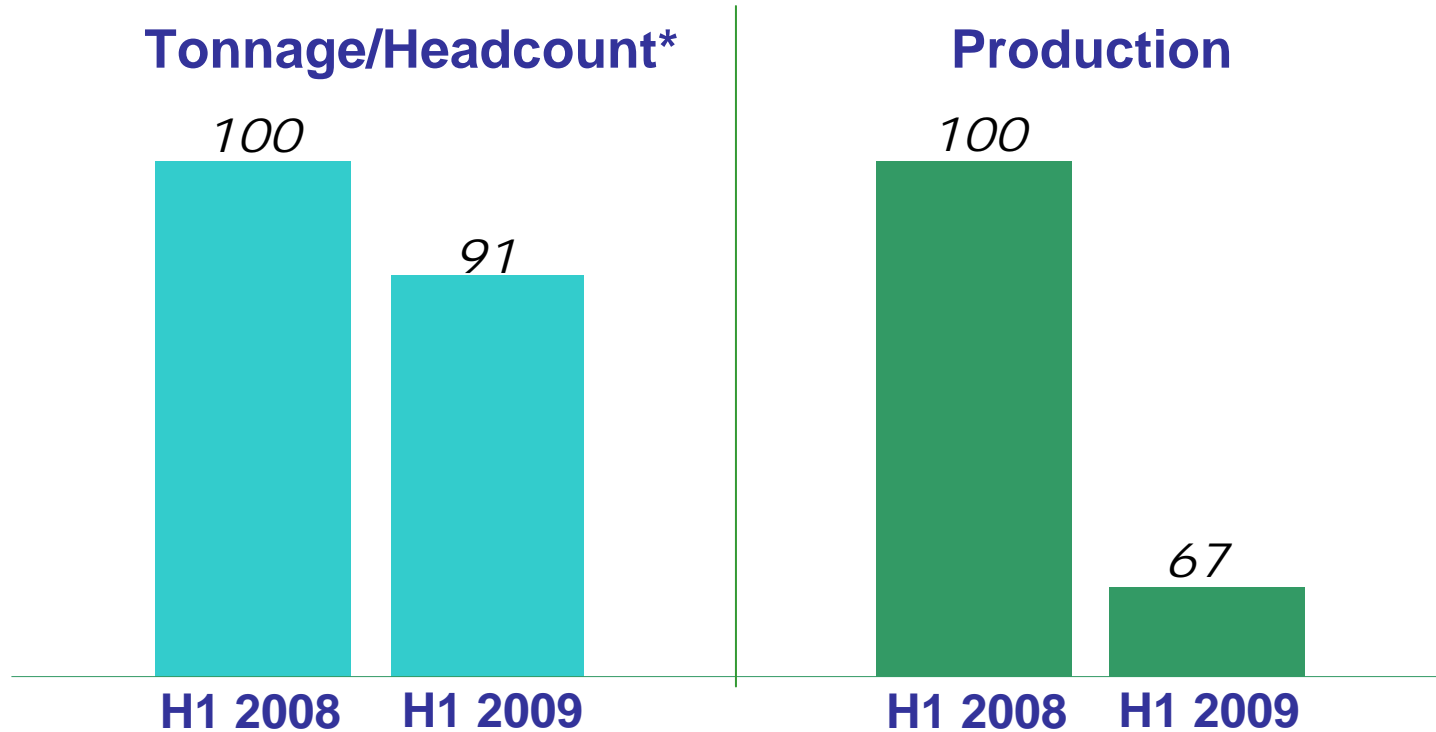


Cumulated Gains in € millions





# Sustained Productivity Efforts Despite Fall in Volumes

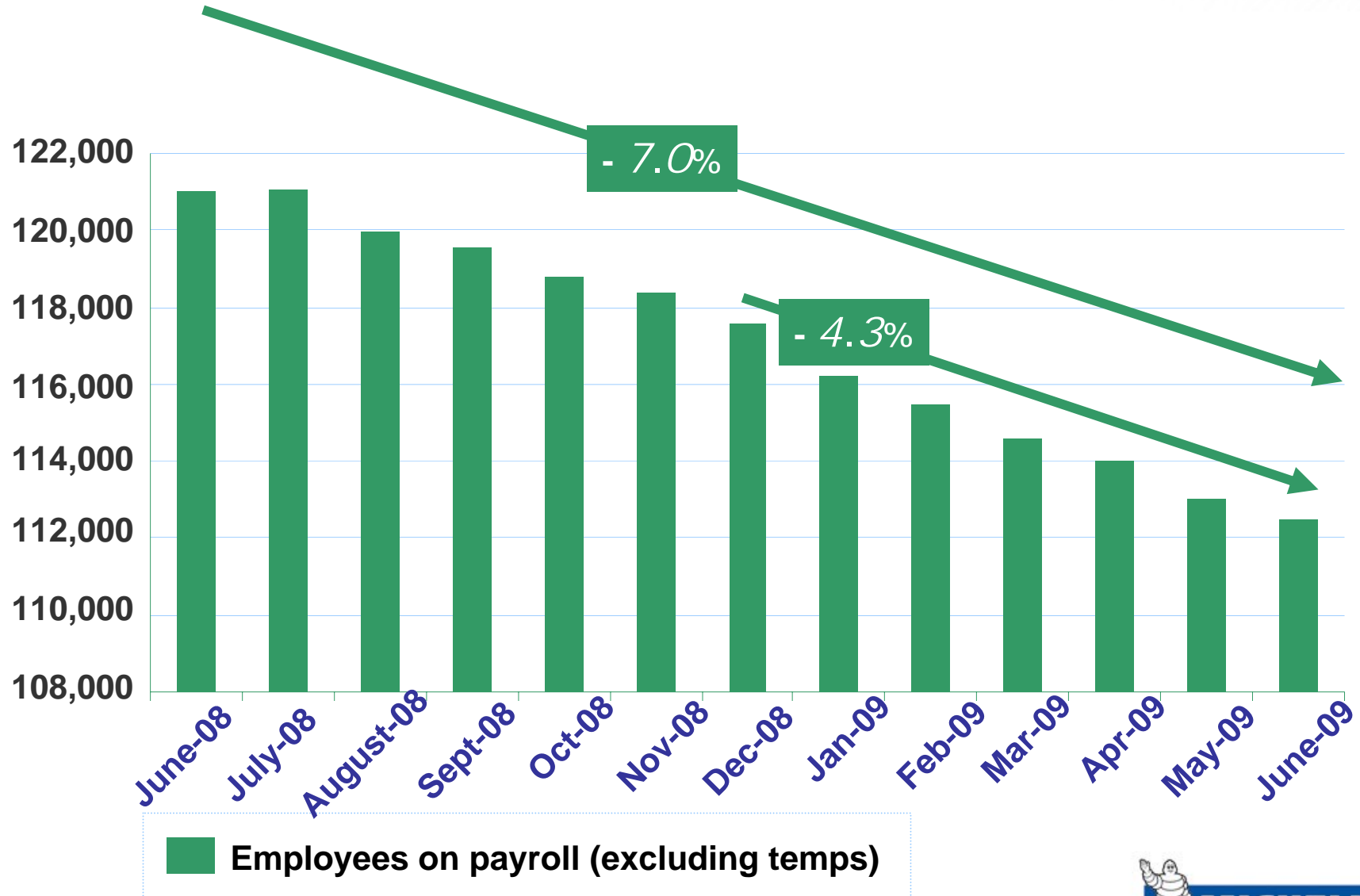


\* Including temps

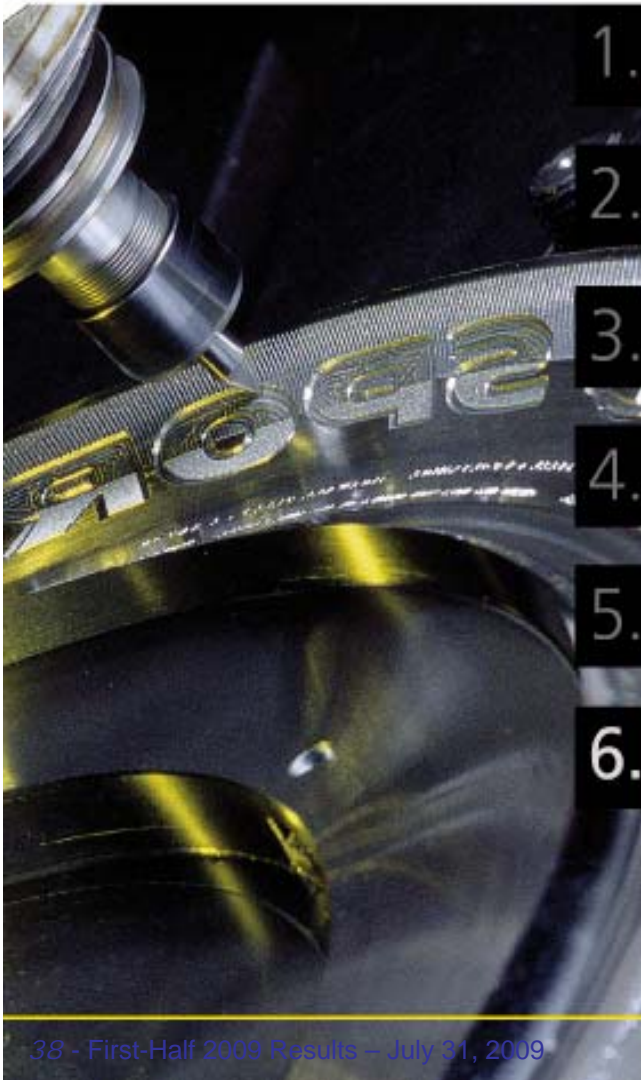




# A Steady Decline in the Headcount Since June 2008







1. Withstanding the steep decline in demand
2. Maintaining Group profitability
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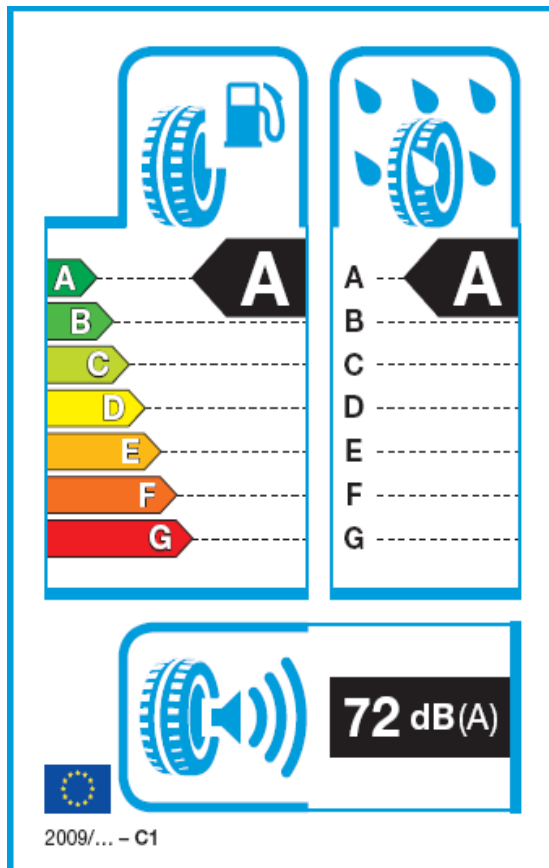


# Regulations Geared to Safety and Environment

- ✓ **Improve safety**
- ✓ **Reduce air pollution**
- ✓ **Limit noise pollution**



# New Tire Regulation Strengthens Michelin's Brand Equity



- ✓ All tire types
- ✓ Labeling:
  - Fuel consumption categories
  - Wet grip categories
  - External rolling noise categories
- ✓ Minimum performances threshold
- ✓ Applicable in 2012



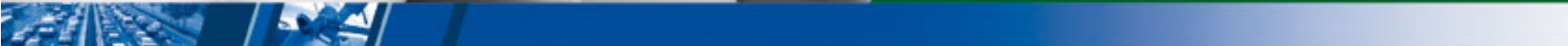
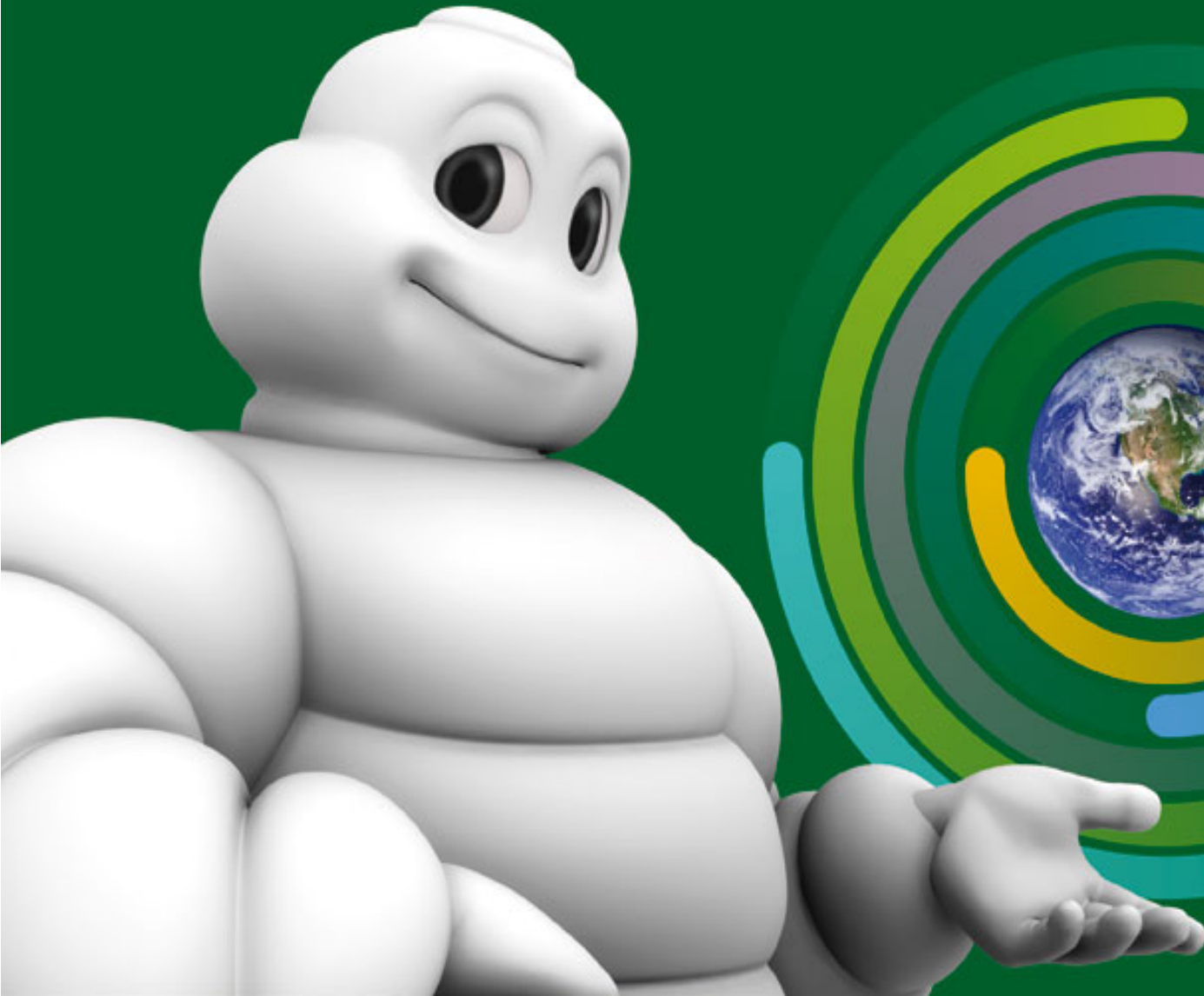


# More Flexible and Responsive for a Greater Rebound





FIRST-HALF 2009 RESULTS





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