

**COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN**  
**Financial Information for the Nine Months**  
**Ended September 30, 2011**

**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 higher raw materials costs

NET SALES (€ MILLIONS)	3rd Quarter			Nine Months		
	2011	2010	% Change	2011	2010	% Change
PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION	<b>2,664</b>	<b>2,515</b>	<b>+5.9%</b>	<b>7,916</b>	<b>7,136</b>	<b>+10.9%</b>
TRUCK TIRES AND RELATED DISTRIBUTION	<b>1,729</b>	<b>1,530</b>	<b>+ 13.0%</b>	<b>4,995</b>	<b>4,096</b>	<b>+22.0%</b>
SPECIALTY BUSINESSES <sup>1</sup>	<b>748</b>	<b>603</b>	<b>+ 24.0%</b>	<b>2,335</b>	<b>1,765</b>	<b>+ 32.3%</b>
GROUP TOTAL	<b>5,141</b>	<b>4,648</b>	<b>+ 10.6%</b>	<b>15,246</b>	<b>12,997</b>	<b>+ 17.3%</b>

<sup>1</sup>Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle.

□ Outlook for full-year 2011

In line with general economic trends, tire markets, and especially the Truck Tire segment, turned downwards over the summer, confirming Michelin's measured optimism expressed in late July.

In the fourth quarter, growth in the European replacement Passenger Tire and Light Truck Tire segment will depend on winter tire sales to end-customers. The Truck Tire market is expected to remain uncertain, notably in Europe, while the Specialty markets will stay very buoyant.

In this environment, the Group reaffirms that growth in sales volumes should trend towards 8% by year end.

Michelin continues to efficiently manage its operations. It confirms that free cash flow will be temporarily negative in 2011, due to the impact of raw materials costs on working capital requirement, and expects operating income to end the year substantially higher than in 2010.



## Market Review

### □ PASSENGER CAR AND LIGHT TRUCK TIRES

Nine Months 2011 % Change YoY	EUROPE*	NORTH AMERICA	ASIA (EXC. INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment	+8%	+6%	-1%	+6%	+9%	+4%
Replacement	+8%	-0%	+12%	+7%	+3%	+6%

Third Quarter 2011 % Change YoY	EUROPE*	NORTH AMERICA	ASIA (EXC. INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment	+6%	+9%	+6%	+3%	+1%	+6 %
Replacement	+6%	-2%	+9%	+5%	+3%	+4 %

\*Including Russia and Turkey

#### ▪ ORIGINAL EQUIPMENT

- OE tire markets continued to expand in Europe, with demand for premium and export vehicle fittings rising at a faster pace.
- After a period of carbuyer hesitation early in the year, the North American market saw an upturn despite high fuel prices.
- In Asia (excluding India), the Chinese market rose by 5% in the third quarter and has returned to stronger growth with the reinstatement of government programs to support automobile demand. Demand fell 20% in Japan and should end the year lower than in 2010 due to carmaker production cutbacks in the wake of the earthquake.
- Growth in South America was dampened in the third quarter as local car output slowed in the face of rising import car sales.

#### ▪ REPLACEMENT

- In Europe, market growth is being led by strong dealer demand for winter tires, as they rebuild inventory that had been almost entirely depleted during the harsh 2010-2011 winter. Demand remained very vigorous in Russia.
- In North America, total miles driven were virtually unchanged despite the increase in fuel prices. In addition, the recreational and high speed rating (V&Z) segments continued to outpace the market.
- In Asia (excluding India), the Chinese market was up 21%, lifted by strong demand from end-customers. The Japanese market gained 11%, thanks to faster growth in sales of used cars (traditionally refitted with new tires) to replace cars destroyed by the tsunami.
- South American markets continued to trend upwards, notably in Brazil (up 5%) despite inflationary pressure.



## □ TRUCK TIRES

Nine Months 2011 % Change YoY	EUROPE**	NORTH AMERICA	ASIA (EXC. INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment*	<b>+48%</b>	<b>+60%</b>	<b>-8%</b>	<b>+20%</b>	<b>+114 %</b>	<b>+17 %</b>
Replacement*	<b>+10%</b>	<b>+10%</b>	<b>+5%</b>	<b>+11%</b>	<b>+11%</b>	<b>+8 %</b>

Third Quarter 2011 % Change YoY	EUROPE**	NORTH AMERICA	ASIA (EXC. INDIA)	SOUTH AMERICA	AFRICA/INDIA/ MIDDLE EAST	TOTAL
Original Equipment*	<b>+27%</b>	<b>+53%</b>	<b>-1%</b>	<b>+18%</b>	<b>+114%</b>	<b>+19%</b>
Replacement*	<b>-2%</b>	<b>+3%</b>	<b>+3%</b>	<b>+0%</b>	<b>+11%</b>	<b>+3%</b>

\*Radial market only

\*\*Including Russia and Turkey

### ▪ ORIGINAL EQUIPMENT

- The European OE market slowed in the third quarter, in line with the decline in new truck orders and cooling truckmaker confidence.
- Demand in North America continued to rise sharply from prior-year levels, reflecting strong sales of new trucks.
- Demand weakened in Asia (excluding India), and particularly in China (down 10%), where credit has steadily tightened since the beginning of the year.
- In South America, demand remained supported by early purchases in Brazil (up 20%) ahead of the planned change in heavy truck technical standards in 2012.
- Demand also rose in the Africa-India-Middle East region, along with a growing shift to radials, notably in India.

### ▪ REPLACEMENT

- Demand in the European replacement market turned downwards in July, with a sharper break in the Western part as overland freight demand slowed and dealers began drawing down excess inventory. The Russian market remains very buoyant, with increased demand for steel radial technology. The retread market was again stable for the period.
- The North American new tire market has moved back in line with long-term trends in an environment shaped by shakier confidence indices and freight tonnages stable at pre-recession levels.
- In Asia (excluding India), the Chinese market expanded by a modest 2% while Japanese demand rebounded by a hearty 30% after the earthquake-related slowdown.
- Demand in South America slowed in the third quarter as dealer inventory declined after a very buoyant first half. A number of countries have also introduced protectionist measures in response to the sharp increase in imports spurred by exchange rate movements early in the year.



## □ SPECIALTY TIRES

- **EARTHMOVER TIRES:** OE demand continued to expand quickly in mature markets, with equipment backlog up sharply compared with the prior-year period. Demand was high in the infrastructure markets, although the end of the third quarter saw a certain leveling off in Europe. Demand in the mining segment is continuing to expand by more than 10% a year.
- **AGRICULTURAL TIRES:** Driven by high farm commodity prices, global OE demand is considerably outpacing 2010 levels. Replacement demand showed signs of slowing in Europe in the third quarter, but remains strong in North America and the new markets.
- **TWO-WHEEL TIRES:** markets are trending upwards but showing signs of leveling off. The mix continued to move up the value chain.
- **AIRCRAFT TIRES:** demand is still expanding.

## Michelin Net Sales

### □ OVERVIEW

(€ MILLIONS)	Third Quarter 2011		Nine Months 2011	
NET SALES	<b>5,141</b>		<b>15,246</b>	
	THIRD-QUARTER 2011 % CHANGE YOY		NINE-MONTHS 2011 % CHANGE YOY	
TOTAL CHANGE	<b>+ 493</b>	<b>+ 10.6%</b>	<b>+ 2,249</b>	<b>+ 17.3%</b>
OF WHICH VOLUMES*	<b>+ 153</b>	<b>+ 3.3%</b>	<b>+ 1,209</b>	<b>+ 9.3%</b>
PRICE-MIX	<b>+ 568</b>	<b>+ 11.9%</b>	<b>+ 1,418</b>	<b>+ 10.0%</b>
CURRENCY EFFECT	<b>- 228</b>	<b>- 4.2%</b>	<b>- 378</b>	<b>- 2.4%</b>

\*Volumes in tonnes

Net sales totaled €15,246 million in the first nine months of 2011, up 17.3% over the year-earlier period due to the combined impact of the following factors:

- **A 9.3% increase in sales volumes**, reflecting the Group's good performance in still expanding tire markets.
- **A 10.0% gain from the price mix**, attesting to the efficiency of the pricing policy, which is designed to offset all of the increase in raw materials costs. The mix effect was not material, as the sharper upturn in OE sales offset improvements in the segment, geographic and brand mixes.



- **A 2.4% negative currency effect**, primarily resulting from the decline in the US dollar against the euro.

## □ NET SALES BY REPORTING SEGMENT

### ▪ PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION

Net sales rose 10.9% to €7,916 million in the first nine months of 2011.

- Sales volumes rose by 5.6% thanks to the improved positions in the winter segments and the success of the MICHELIN Super Pilot Sport and MICHELIN Primacy HP lines. This volume growth meant that the Group's production plants ran at full capacity over the period.
- Net sales were also supported by the Group's robust pricing dynamic. The slightly improved mix reflected the impact of the relative growth in OE and Replacement sales and of the sustained improvement in the segment/speed rating mix.

### ▪ TRUCK TIRES AND RELATED DISTRIBUTION

Net sales for the first nine months amounted to €4,995 million, up 22.0% from the year-earlier period.

- Sales tonnages rose by 10.5%, in line with demand. However, in a more uncertain environment, notably in Europe, plant production schedules are being adjusted to reflect the shift in demand at year-end.
- The Group pursued its policy of raising prices in every market, while the mix was adversely affected by the fact that OE sales rebounded faster than replacement sales.

### ▪ SPECIALTY BUSINESSES

Net sales in the Specialty Businesses rose by 32.3% to €2,335 million in the first nine months of 2011, led by a 24.1% increase in sales volumes and the favorable impact of contractual clauses indexing prices to raw materials costs.

- **Earthmover Tires:** net sales were up sharply, reflecting both the upsurge in volumes and the ability to pass on higher raw materials costs to customers. Growth was very strong across every segment (mining, OE and infrastructure).
- **Agricultural Tires:** sales were up significantly in both the OE and replacement markets. Higher raw materials costs were passed along in prices and the Group strengthened its positions.
- **Two-Wheel Tires:** sales rose over the period, lifted by the improved positions in Europe and Brazil. Sales in the sport touring radial segment climbed sharply on the success of the Pilot Road 3, the first line of siped motorcycle tires.
- **Aircraft Tires:** while dampened by the currency effect, net sales rose slightly over the period, in line with the air transport market.

## Third-Quarter 2011 Highlights

- ❑ **Joint venture formed in China with Double Coin and Huayi**
- ❑ **Launch of the new MICHELIN ENERGY™ XM2 tire especially designed for use in the BRICs (Brazil, Russia, India and China)**
- ❑ **Michelin premieres the new MICHELIN Primacy 3 tire, offering safety to the power of 3**
- ❑ **Michelin introduces the MICHELIN X® Works™ tire, a new Truck Tire Product and Service solution**
- ❑ **Launch of two new Truck Tire solutions, the 275/70 X InCity XZU in Europe and the 315/80 XZE3 R(einforced) for the Chinese regional market**
- ❑ **The Le Puy, France plant inaugurates 17,000 rooftop solar power panels**
- ❑ **Michelin Man named "Icon of the Year" by *Advertising Week*, thereby joining the Madison Avenue Advertising Walk Of Fame**

A full description of third-quarter 2011 highlights  
may be found on the Michelin website:  
[www.michelin.com/corporate](http://www.michelin.com/corporate)



## CONFERENCE CALL

The quarterly information for the period ended September 30, 2011 will be reviewed during a conference call in English later today (Wednesday, October 26, 2011) at 6:30 pm, CEST (5:30 UT). If you wish to participate, please dial-in one of the following numbers from 6:20 pm CEST:

- In France 01 70 77 09 42
- In the UK 0203 043 2439
- In the United States (866) 907 5924
- From anywhere else +44 203 043 2439

Please refer to the [www.michelin.com/corporate](http://www.michelin.com/corporate) website for practical information concerning the conference call.

## INVESTOR CALENDAR

### 2011 net sales and results:

Friday, February 10, 2012 before start of trading

### Quarterly information for the three months ended March 31, 2012:

Monday, April 23, 2012 after close of trading

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*This press release may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or inferred by these statements.*