

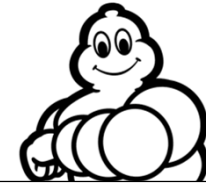


# **NET SALES** AT MARCH 31, 2014

—  
April 23, 2014



# Volumes up 3.4%



- ▶ **Markets** on the rise except in Eastern Europe
  - Demand was up in both the Passenger and Light truck and Truck segments, in particular in the mature regions off of favorable prior-year comparatives
  - Mining tire customers are drawing down inventory, as expected
- ▶ **Volumes** up 3.4%, reflecting:
  - The performance of the MICHELIN brand
  - The fast momentum in original equipment sales
  - The 8% increase in global truck tire sales
  - The growth in the AG, 2W and AV segments, which offset weak mining tire sales
- ▶ **Price-Mix** down 1%, reflecting:
  - The impact of indexation clauses and managed price repositioning, in a still favorable raw materials cost environment
  - Price increases that attenuated the unfavorable currency effect
  - A favorable mix effect, with the sustained deployment of the premium strategy
- ▶ A negative 4.6% **currency effect**, as expected due to the strong euro



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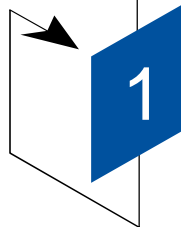
## NET SALES AT MARCH 31, 2014

- 1 IMPROVING MARKETS
- 2 NET SALES IN LINE WITH ANNUAL GROWTH TARGET
- 3 REPORTING SEGMENTS
- 4 INNOVATION, GROWTH AND COMPETITIVENESS
- 5 2014 GUIDANCE CONFIRMED



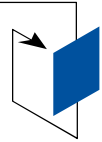
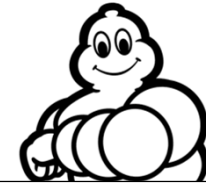
April 23, 2014

## NET SALES AT MARCH 31, 2014

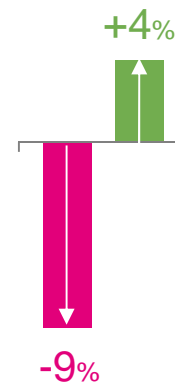
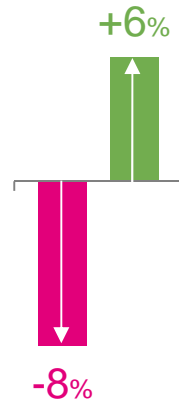
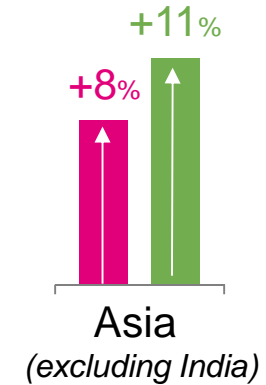


# IMPROVING MARKETS

# Car and Light truck: Markets up except in Eastern Europe,



## Markets at March 31, 2014 (% change YoY, in number of tires)



### GLOBAL MARKET

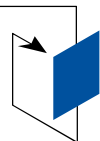


■ Original equipment  
■ Replacement

Source: Michelin

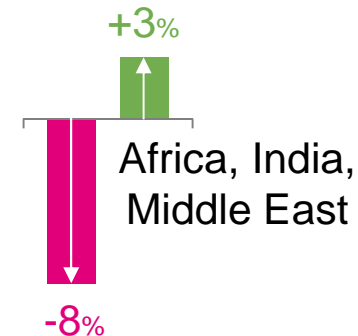
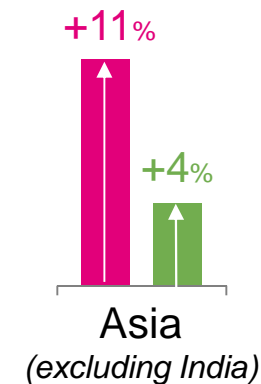
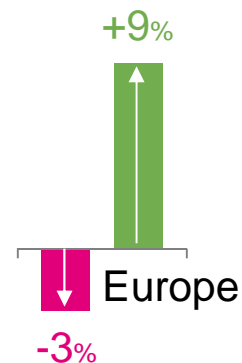
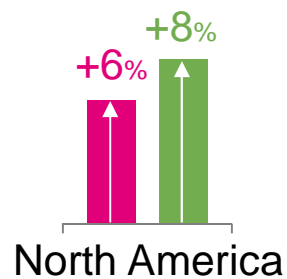


# Truck: Technical rebound in bias-ply and radial tire markets, except in Eastern Europe, Southeast Asia and India



## Markets at March 31, 2014

(% change YoY, in number of bias and radial new tires)



## GLOBAL MARKET

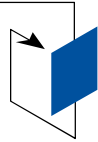


■ Original equipment  
■ Replacement

Source: Michelin

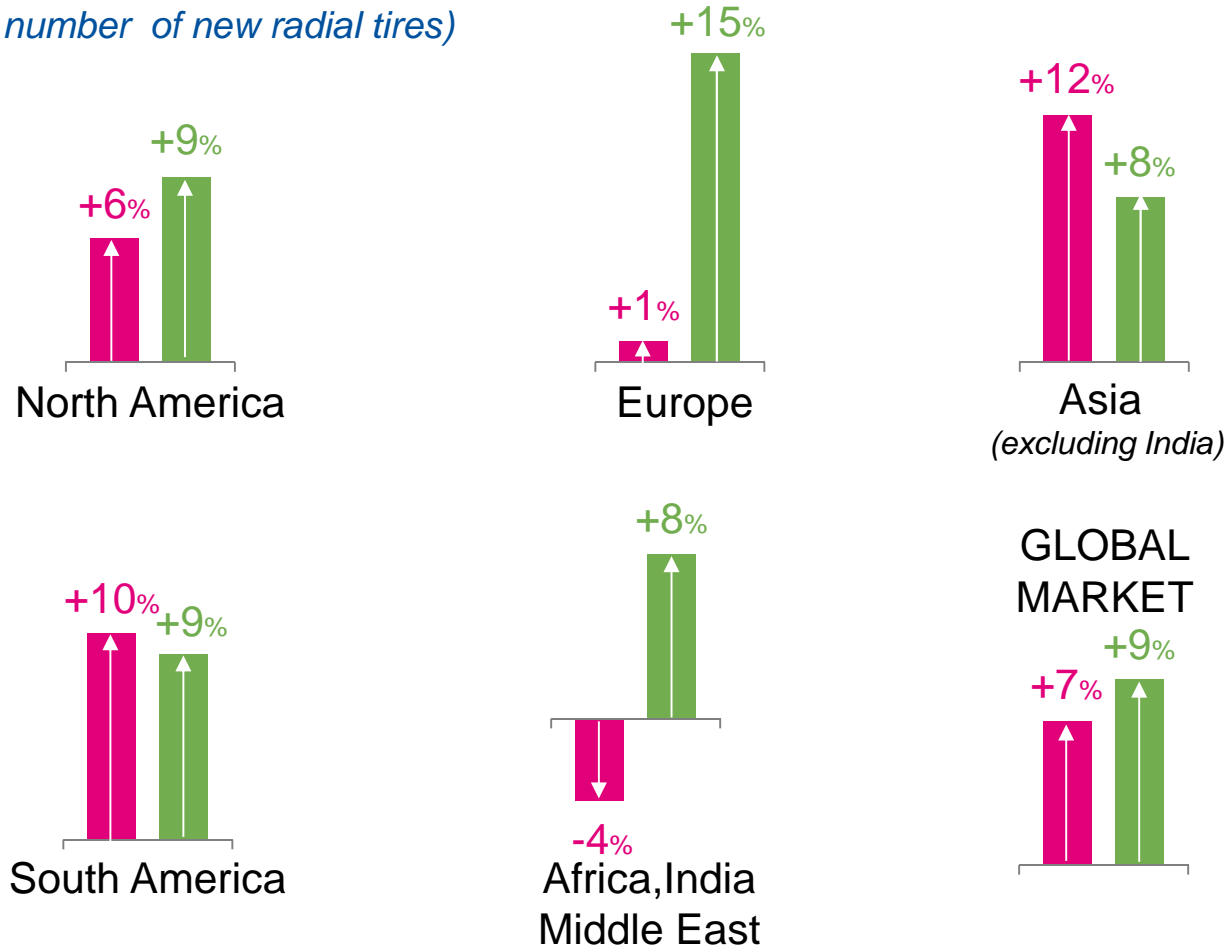


# Truck radial: an upturn in demand, especially in North America, lifted by favorable prior-year comparatives



## Markets at March 31, 2014

(% change YoY, in number of new radial tires)

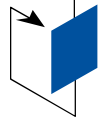
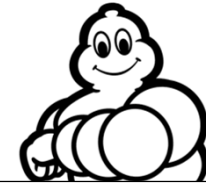


■ Original equipment  
■ Replacement

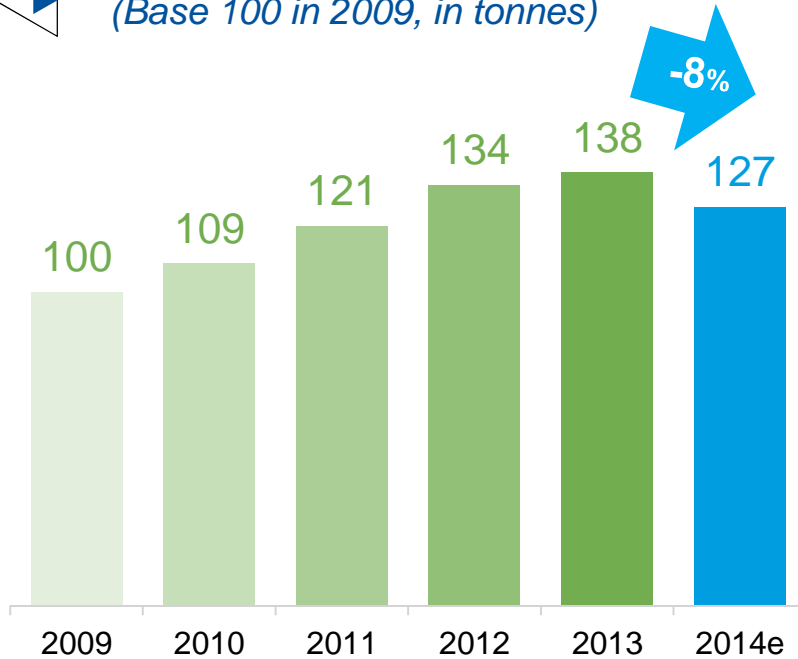
Source: Michelin



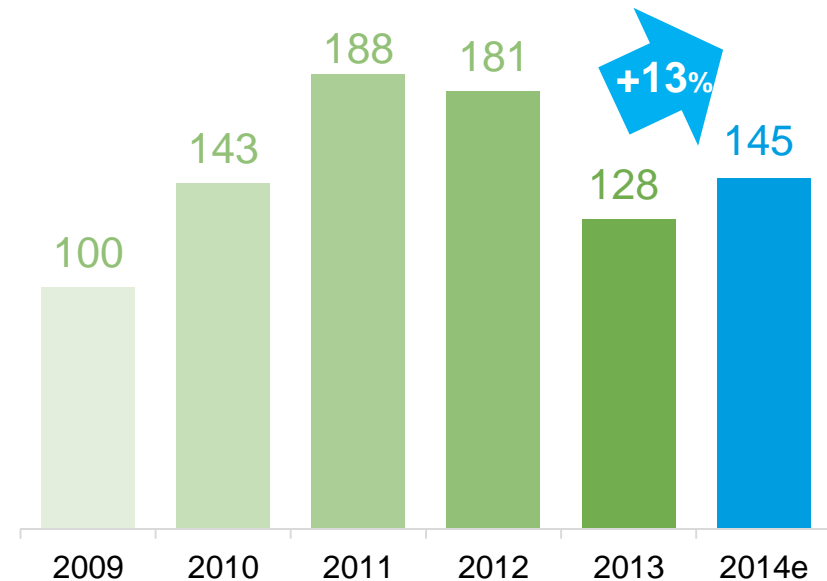
# Uneven Earthmover markets



## Earthmover markets *(Base 100 in 2009, in tonnes)*



**Mining**

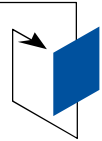
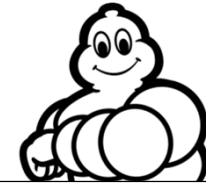


**Infrastructure and original equipment**  
*(Europe and North America)*



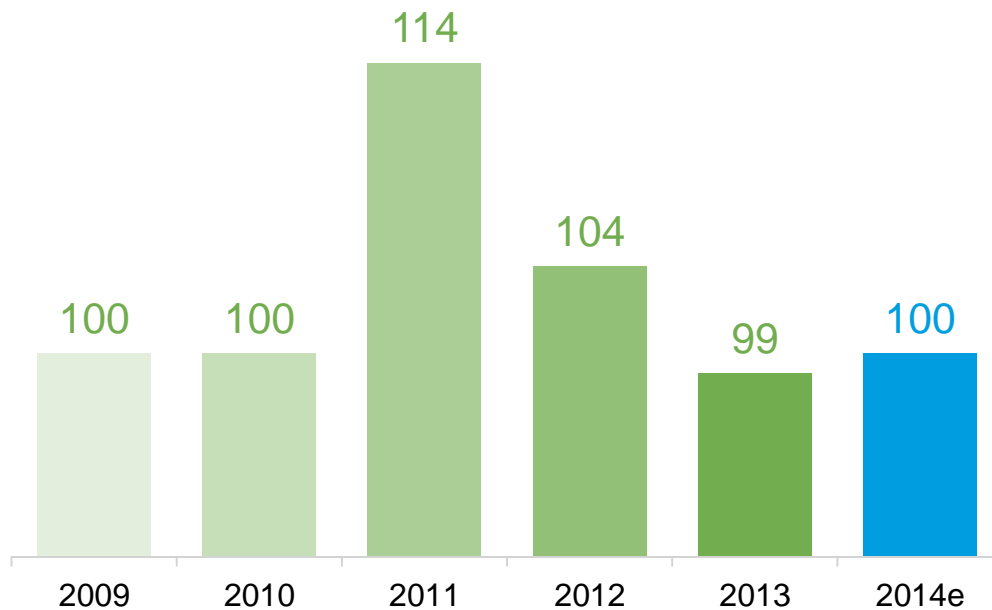


# Agricultural: stable overall but robust demand for technical tires



## Agricultural tire markets - Europe and North America

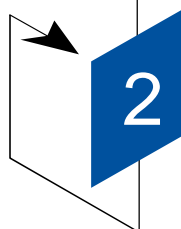
(in number of tires, base 100 in 2009)





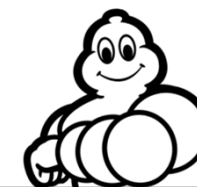
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NET SALES AT MARCH 31, 2014

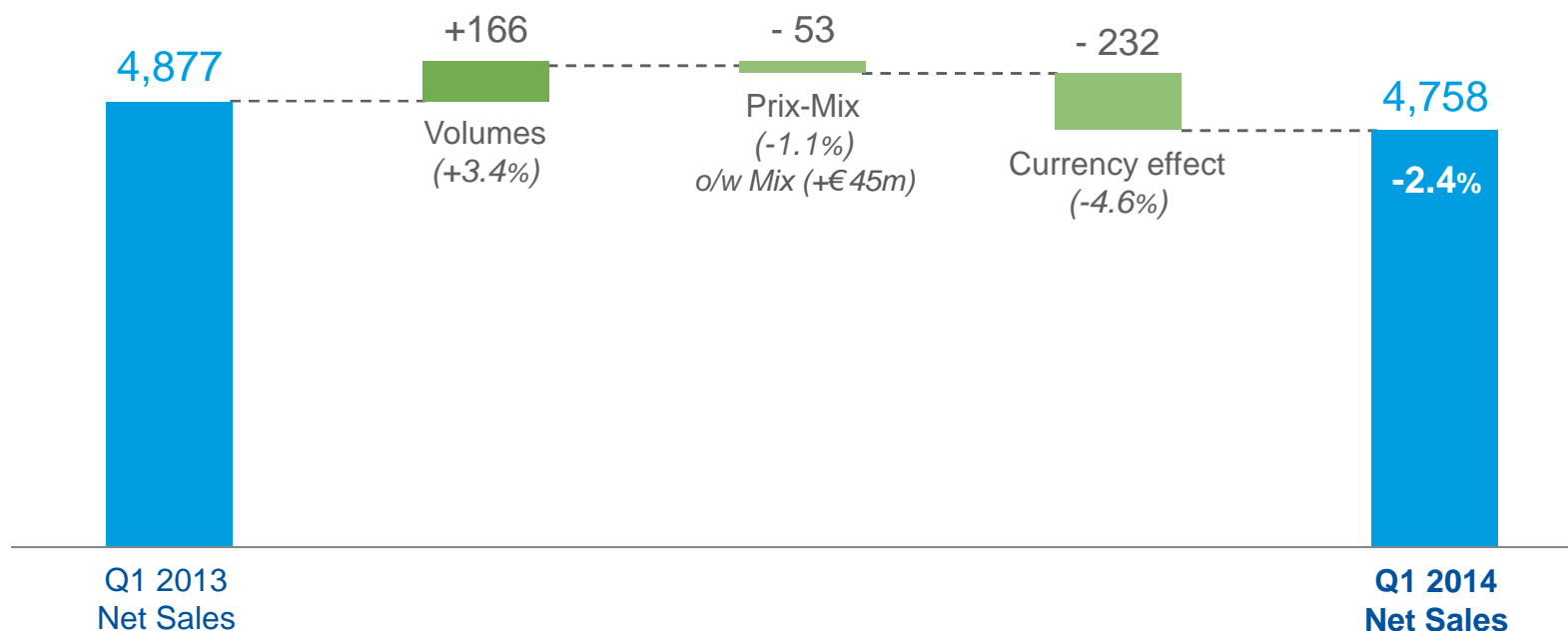


**NET SALES IN LINE WITH ANNUAL  
GROWTH TARGET**

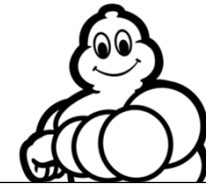
# Net sales up 2.5% at constant scope of consolidation and exchange rates



**YoY change**  
(In € millions)

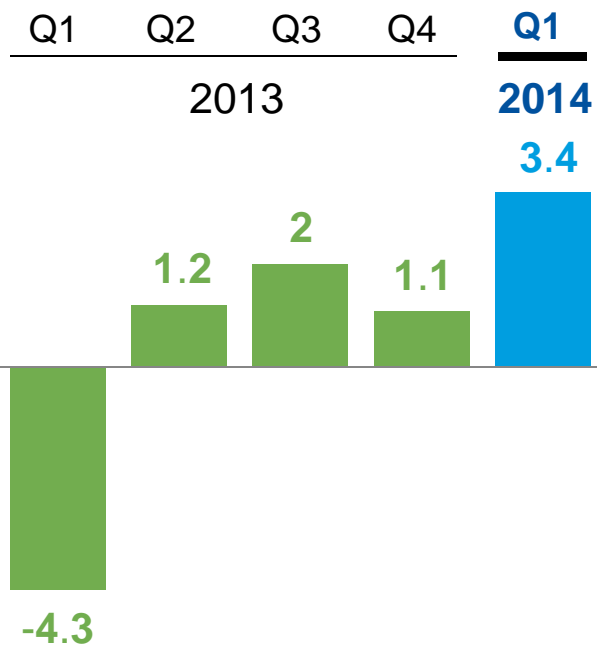


# Higher volumes and carefully managed pricing policy

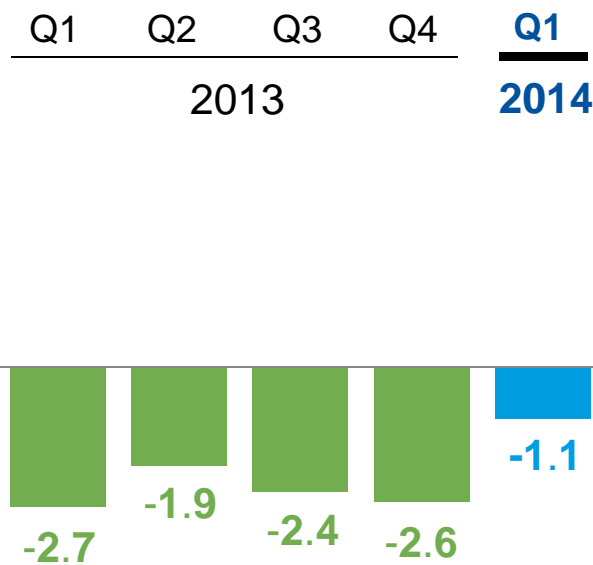


**YoY change**  
(in %)

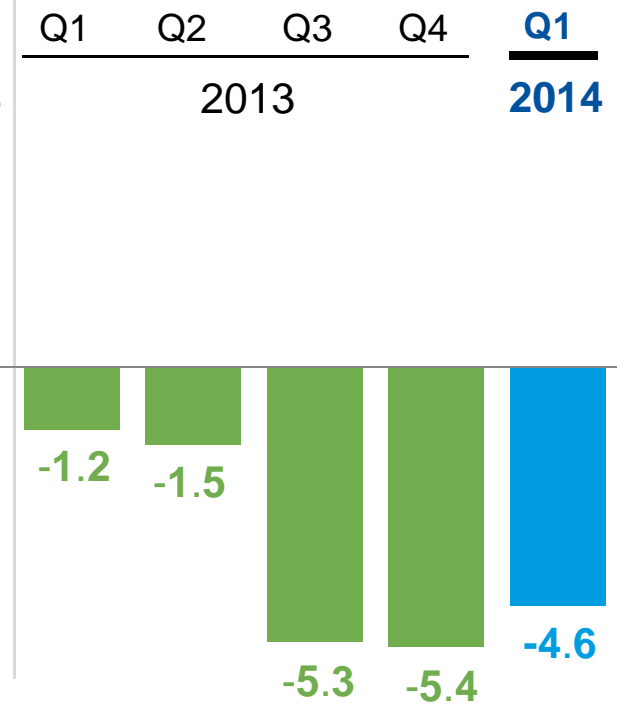
## ► Volumes



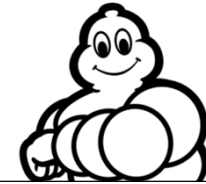
## ► Price-Mix



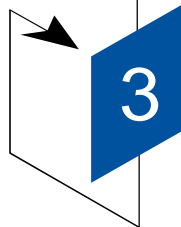
## ► Currency effect



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## NET SALES AT MARCH 31, 2014



## REPORTING SEGMENTS

# Car and Light truck tires and related distribution: Growth driven by the premium strategy and the MICHELIN brand



## Car and Light truck tires (In € millions)



	Q1 2014	Q1 2013	% change
<b>Net sales</b>	<b>2,520</b>	<b>2,582</b>	<b>-2.4%</b>
<i>Volume growth</i>	<i>+2%</i>		

- ▶ Unfavorable **currency effect** (-4%)
- ▶ **Volumes**
  - Growth in MICHELIN brand tonnages, in line with the market
  - BFGoodrich and Kleber brand tonnages down due to the competitive pricing environment
- ▶ **Price-Mix**
  - Application of raw materials indexation clauses in OE and selected repositionings in mature RT markets
  - Price increases to partly offset the currency effect (Brazil, Argentina, Russia, Japan among others)
  - Sustained improvement in the ≥ 17' mix



# Truck tires and related distribution: firm momentum in the first quarter



## Truck tires (in € millions)



	Q1 2014	Q1 2013	% change
<b>Net sales</b>	<b>1,462</b>	1,477	-1.0%
<i>Volume growth</i>	+8%		

- ▶ Unfavorable **currency effect** (-6%)
- ▶ **Volumes**
  - Growth effectively captured in upwardly trending markets
  - More pronounced growth in OE markets
- ▶ **Price-Mix**
  - Application of raw materials clauses
  - Price increase to partly offset the currency effect
  - Mix effect dampened by the faster growth in OE sales

# Specialty businesses: volumes virtually unchanged, as expected



## Specialty business (in € millions)



	Q1 2014	Q1 2013	% change
<b>Net sales</b> Volume growth	<b>775</b> +1%	<b>818</b>	<b>-5.2%</b>

- ▶ Unfavorable **currency effect** (-5%)
- ▶ **Growth** in every segment except mining
  - Mining volumes stable QoQ, reflecting the net impact of ongoing inventory drawdowns by mining customers, as expected, and sustained mining operations
  - Strong growth in Agricultural, 2-Wheel, Aircraft tire volumes
- ▶ **Price:** Application of raw materials clauses



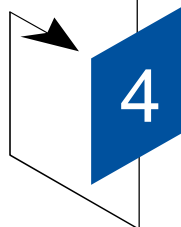


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## NET SALES AT MARCH 31, 2014

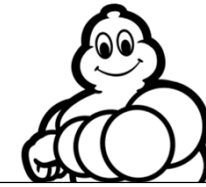


## INNOVATION, GROWTH, COMPETITIVENESS

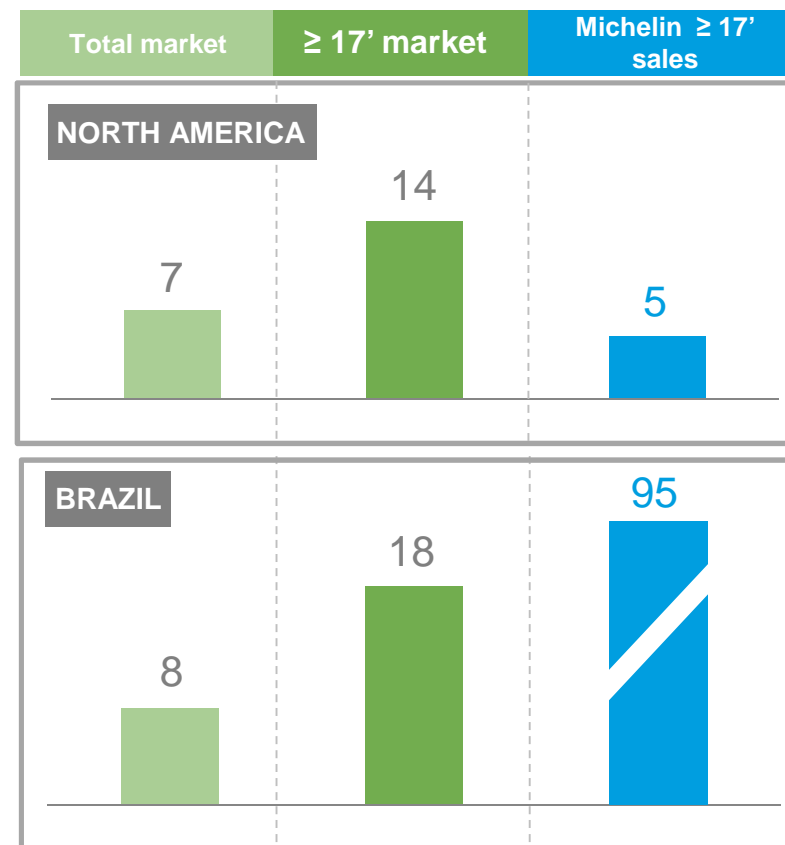
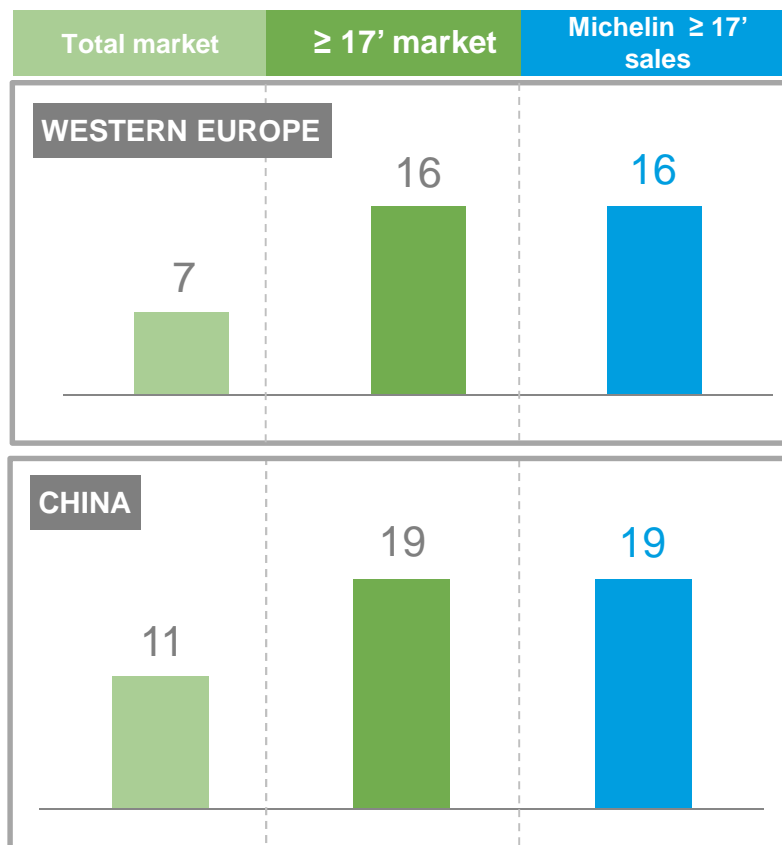
# Examples of MICHELIN branded product launches: X-Coach in China and Alpin 5 in Passenger car



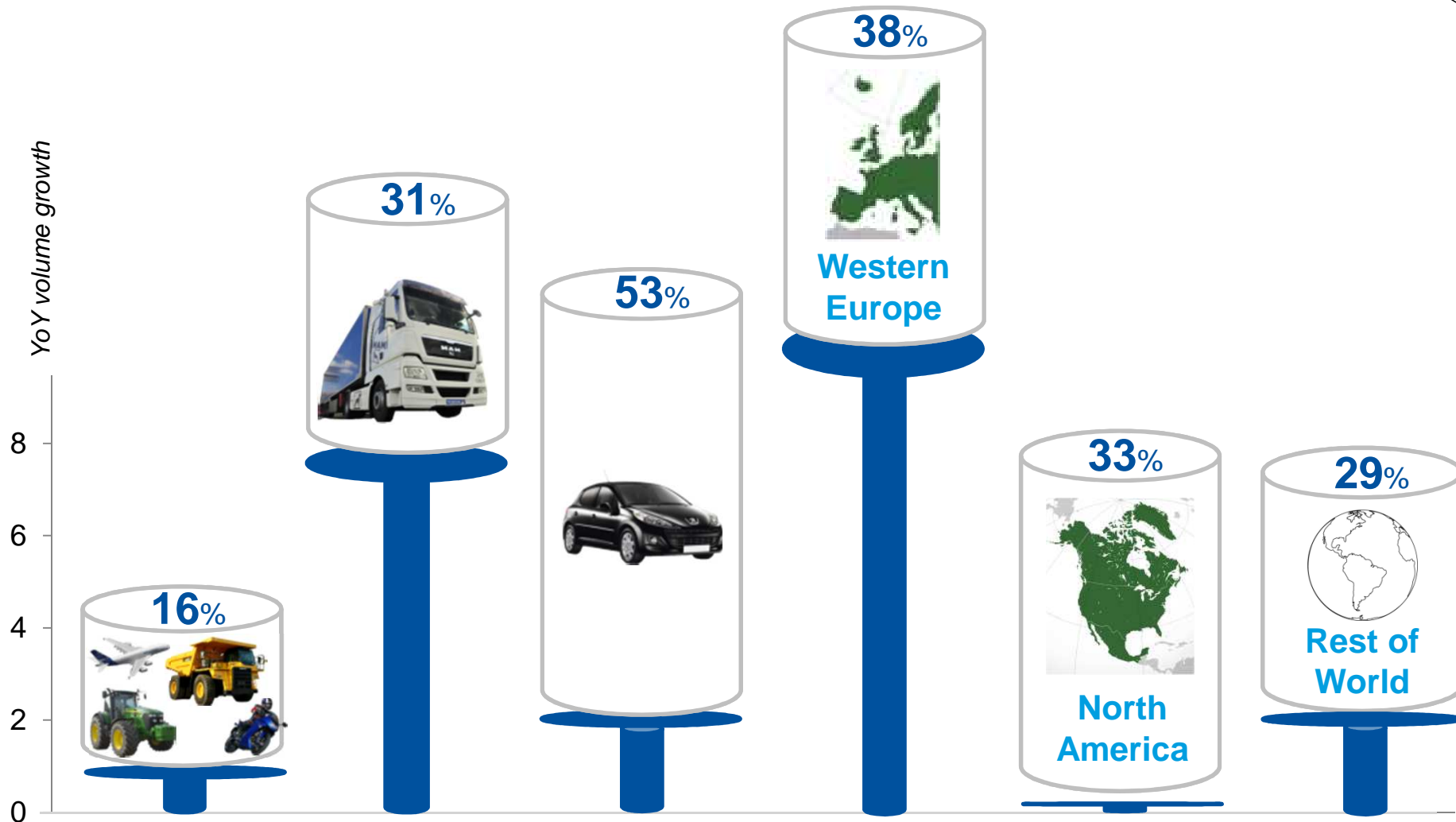
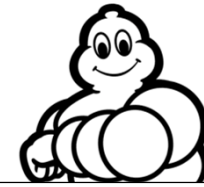
# Premium Car and Light truck: technological leadership and the MICHELIN brand



## Replacement Car and Light truck markets (% YoY change in Q1 2014, in %)



# Natural hedging through a balanced geographic and product mix



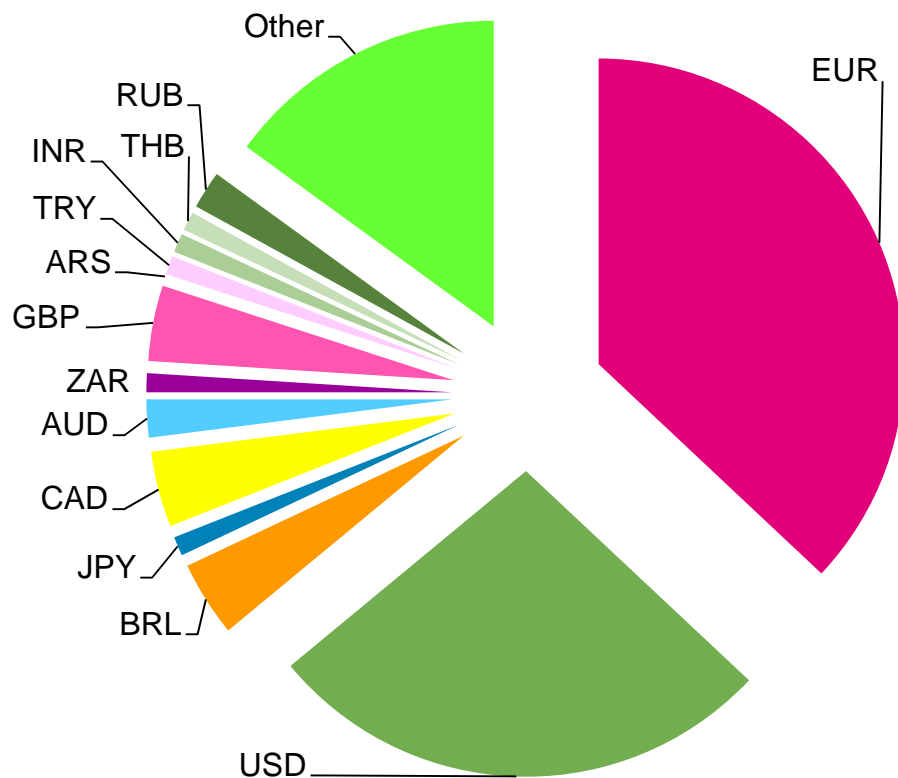
Percentage contribution of each segment/region to total Q1 2014 consolidated net sales



# High exposure to currency rates due to the Group's broad global footprint



Q1 net sales by currency



% total net sales by currency		2014 currency assumptions
EUR	37%	
USD	27%	1.38
BRL	4%	3.23
JPY	1%	141.24
CAD	4%	1.53
AUD	2%	1.53
ZAR	1%	14.88
GBP	4%	0.83
ARS	0,5%	10.77
TRY	1%	3.06
INR	1%	84.45
THB	1%	44.78
RUB	2%	49.45
Other	15%	

**Pictou** (March 2014 announcement): the project will eventually deliver close to CAD 50 million annual gains

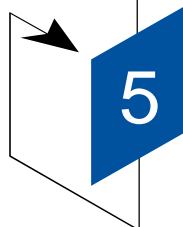


<i>In CAD million</i>	2014	2015	2016	2017	
					<b>Total</b>
<b>Non-recurring expense</b>	(87)	0	0	0	(87)
<b>O/w restructuring cash out</b>	(23)	(27)	(11)	0	(61)
					<b>Annual gains after 2017</b>
<b>Productivity gains</b>	+2	+8	+45	+46	+46



April 23, 2014

## NET SALES AT MARCH 31, 2014



## 2014 GUIDANCE CONFIRMED

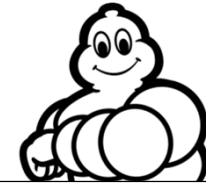
# 2014 GUIDANCE CONFIRMED



	2013	Guidance 2014	
Volumes	+ 0%	Increase in volumes of around 3%	confirmed
Impact of raw material price	+ €619m	Tailwind (due to the measurement of raw materials inventory at weighted average cost)	confirmed
Price / raw materials	+ €69m	Positive	confirmed
Competitiveness / production costs	+ €30m	Neutral	confirmed
Increase in SG&A expense	- €1m	Slightly higher	confirmed
Operating income before non-recurring items	€2,234m	Lifted by growth, excluding any currency effects	confirmed
Operating margin before non-recurring items – RS1	10.2%	Middle of the 10-12% range	confirmed
Operating margin before non-recurring items – RS2	7.8%	Top of the 7-9% range	confirmed
Operating margin before non-recurring items – RS3	20.6%	Bottom of the 20-24% range	confirmed
ROCE	11.9%	More than 11%	confirmed
CAPEX	€1,980m	Around €2,000m	confirmed
Structural free cash flow	€749m	More than €500m	confirmed

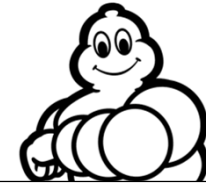


## Next events



Once a month	Tire market trends
May 16, 2014	2014 general meeting of shareholders
May 19, 2014	Last day of trading cum-dividend
May 20, 2014	Ex-dividend date
May 22, 2014	Record date
May 23, 2014	Payment date
July 29, 2014	First Half 2014 Results
October 22, 2014	Net sales at September 30, 2014
November 10, 2014	Investor day in Shenyang (China)
February 10, 2015	2014 Results

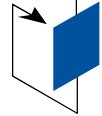
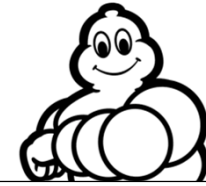
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*This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of this document, they are by nature subject to risks and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

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