

Michelin reports 2012 earnings up 25 percent, forecasts flat 2013

Clermont-Ferrand, France – Michelin is reporting operating income before non-recurring items up 25 percent to EUR 2,423 million with volumes down 6.4 percent and demand remaining flat in the second half. The company retains more than EUR 1 billion in free cash flow and 12.8 percent return on capital employed. The company is proposing a dividend of EUR 2.40 per share, subject to approval at the Annual Shareholders Meeting of May 17, 2013.

Given its global footprint, Michelin expects to hold volumes steady in 2013, in a market environment that is uncertain in mature markets but still expanding in the new ones. Raw materials prices are expected to remain stable in the first half, adding a further EUR 350-400 million to operating income. This will be partly offset, however, by the impact of indexation clauses on the original equipment and earthmover businesses.

The capital expenditure program totaling around EUR 2 billion will support Michelin's growth ambitions by bringing new production capacity on stream in the growth regions, whose start-up will weigh on costs. The program is also designed to improve competitiveness in mature markets and drive technological innovation. Confident in its competitive strengths and thanks to the launch of an ambitious project to improve its management systems, Michelin confirms its 2015 objectives and for 2013 expects to report stable operating income before non-recurring items at constant exchange rates, a more than 10 percent return on capital employed and positive free cash flow.