Michelin sales up in third quarter

Substantially higher operating income expected for this year

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Michelin Group sales volume increased 9.3 percent in the third quarter while net sales grew by 10.6 percent.

Net sales for the third quarter totaled 4.65 billion euros, or $7.1 billion, over the same period in 2010.

The financial growth resulted from expanding tire markets and a 10 percent gain from the price mix with pricing offsetting the increase in the cost of raw materials.

Passenger car and light truck tire net sales increased 10.9 percent for the first three quarters of the year while net sales for truck tires were up 22 percent.

The outlook for full-year 2011 is that markets are continuing to expand although slowing some in the third quarter as the tire markets, especially the truck tire markets, turned downward during the summer. The outlook is continued "measured optimism," as the company reported in July.

The company said that free cash flow will be "temporarily negative" in 2011 because of raw materials costs effects on working capital. However, operating income at the end of the year is expected to be substantially higher than in 2010.

North America's passenger tire original equipment market picked up this year after a slow start. Europe's OE market continued to expand while demand fell in Japan.

Replacement-tire demand in North America for passenger car and light truck tires was up slightly as the total miles driven were about the same as in 2010.

Recreational and tires with high-speed ratings continued to outpace the market.

Europe market growth is being driven by a dealer demand for winter tires. The Chinese market was up 21 percent, while the Japanese market grew by 11 percent as consumers bought used cars to replace those destroyed by the tsunami.

The original-equipment truck market slowed its growth in the third quarter in Europe as new truck orders declined. However, North America's market continued to rise sharply from prior year levels as sales of new trucks remained strong.