GROUP

Clermont-Ferrand – October 23, 2024 – 5:45 pm

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN
Financial information for the nine months ended September 30, 2024

Group sales reflected OE markets downcycle across segments and contextual headwinds in Specialties, with continued mix improvement.

Tire sell-in markets rose over the period, inflated by high imports of Asian tires into Replacement markets. OE markets in sharp downward cycle and deteriorating further in Q3.

- PC/LT tire demand supported by Replacement markets in Europe and North America. Dealer inventory levels close to normal, with ongoing replenishment of Winter tires in Europe. OE demand deteriorated gradually, with Q3 down 9% in Europe and 5% in North America.
- Truck tire markets outside China reflected moderate economic growth, with North America inflated by massive imports of Asian tires in the first half. OE demand was weak throughout the year, with Q3 demand down 23% in Europe and 14% in North America.
- Specialty tire markets were mixed over the period: Agricultural and Construction OE fell sharply, Mining demand was soft due to gradual inventory drawdowns, Aircraft and Two-wheel trended upwards.
- Polymer Composite Solutions markets temporarily declined vs. high 2023 comparatives.

Nine-month sales of €20.2 billion, down 3.4% at constant exchange rates. Group's performance in the most value-accretive segments translates into improved mix.

- Volumes declined by 5.3% over the period, of which a 7.1% decrease in Q3, reflecting the substantial drop in OE across every segment, contextual headwinds in Mining, and a sustained focus on selected where-to-play market segments.
- PC/LT sales of 18-inch and larger tires grew sharply and sustained the MICHELIN brand's market share. The Mining tire business strengthened its core market positions.
- The mix effect continued to improve, to 2.0%, demonstrating the Group's performance in priority market segments across all businesses.
- The price effect softened to a negative 0.3%, as the third quarter turned positive after a first half hindered by indexation clauses.

Full-year guidance adjusted

- Based on revised sell-in markets scenario, sales volumes are now expected to end the year within the [-6%; -4%] range.
- 2024 guidance has been adjusted, with segment operating income at constant exchange rates around €3.4 billion (vs. more than €3.5 billion previously) and free cash flow excluding M&A now estimated at more than €1.7 billion (vs. more than €1.5 billion previously).

"Our strategy continues to deliver positive outcomes; our Group resilience is further strengthening. Yet, over the past few months Michelin has had to face contextual adverse factors that are increasing, whether economic, climate-related or geopolitical. These are strongly impacting most markets, notably in Original Equipment. This materializes into substantial drops in our sales volumes and production reductions in our plants. I want to salute our teams who are addressing these effects on a daily basis." said Florent Menegaux, Managing Chairman.

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Sales for the nine months ended September 30, 2024

Nine-month sales (in € millions)	**2024**	**2023**	**% change** (at current exchange rates)
RS1 - Automotive*	**10,356**	**10,611**	**-2.4%**
RS2 - Road Transportation*	**4,933**	**5,173**	**-4.6%**
RS3 - Specialty businesses*	**4,882**	**5,368**	**-9.1%**
Group Total	**20,171**	**21,152**	**-4.6%**

* And related distribution

Tire Market Review

Passenger car and Light truck tires

Nine months 2024/2023 (in number of tires)	**Europe***	**North & Central America**	**China**	**Global market**
Original Equipment	-6%	-1%	+1%	-3%
Replacement	+7%	+3%	-1%	+3%

* Including Turkey and Central Asia

The **worldwide** Original Equipment and Replacement **Passenger car and Light truck tire sell-in market** grew by 2% year-on-year in the first nine months of 2024.

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ORIGINAL EQUIPMENT

In the **Original Equipment** segment, global demand declined by 3% year-on-year overall, with a sharper contraction in Europe (down 6%) and relative stability in North America (down 1%) and China (up 1%).

All three regions saw steeper declines in the third quarter.

Demand also softened in the other operating regions over the first nine months, particularly in Japan, South Korea and the rest of Asia excluding China (down 8%) and in South America (down 5%).

In **Europe**, the market downturn already observed in the first half gained momentum in the third quarter, which ended down 9% year-on-year. The decline tracked OEM output, with new vehicle sales adversely impacted by purchasing power pressure from persistently high interest rates and by uncertainties over the pace of the market's transition to EVs, leading consumers and fleets to push back new vehicle purchases.

Markets in **North and Central America** edged back by 1% overall compared with the first nine months of 2023, with a sharper 5% decline in the third quarter. The latter primarily reflected the tapering off of the OEM inventory rebuilding after the fall 2023 strike, which buoyed demand in the first half of 2024. Moreover, the pace of adoption of battery-electric vehicles seems to be slower than expected, creating relative uncertainty among automakers about the strategy to be pursued.

In contrast to the post-pandemic period, when carmakers focused on executive models, the North American market also saw a shift to lower-trim models, with fewer features and less equipment, as consumer purchasing power remained under pressure.

In **China**, demand continued to be driven by exports and the take-up of EVs, rising by 1% over the first nine months of the year. However, the slight overall gain masks a 3% year-on-year contraction in the third quarter, due to the fall-off in domestic demand as the economy worsened and consumer confidence weakened.

On the other hand, September may have seen an upturn, led by the new demand-side economic stimulus policies.

REPLACEMENT

Global Replacement tire demand rose by 3% year-on-year in the first nine months of 2024, with a similar gain in the third quarter alone. Every operating region except China contributed to third-quarter growth.

The **European market** climbed 7% over the nine-month period, with an 8% increase in the third quarter sustaining the first half's momentum. Even as Asian imports remained persistently high, market growth was led by the relative weakness of OE demand and a robust start to winter tire sell-in. It was also supported by the sustained move upmarket in the product mix, with faster growth in sales of 18-inch and larger tires.

Demand in **North America** rose by 3% over the first nine months, with a less favorable 1% gain in the third quarter alone. In a resilient economy, shaped by an increase in kilometers traveled, the third-quarter slowdown may reflect the leveling off of Asian import sales, after a first half buoyed by the lowering of anti-dumping duties on tires imported from Thailand since January 2024.

In **China**, demand ended the first nine months down a slim 1% year-on-year overall, with a steeper 5% drop in the third quarter sustaining the contraction observed since the middle of the second quarter. The downturn primarily stems from the sluggishness of domestic demand, which deepened over the third quarter.

TRUCK TIRES (RADIAL AND BIAS)

Nine months 2024/2023 (in number of tires)	**EUROPE***	**NORTH & CENTRAL AMERICA**	**SOUTH AMERICA**	**GLOBAL MARKET** (excluding China)
Original Equipment	-20%	-11%	+27%	-6%
Replacement	-2%	+11%	+5%	+3%

* Including Turkey and Central Asia

The **worldwide** Original Equipment and Replacement **Truck tire sell-in market (excluding China)** grew by 2% compared with the first nine months of 2023.

In **China**, where the Group's presence is negligible, demand rose by 5% over the nine-month period.

ORIGINAL EQUIPMENT

In the **Original Equipment** segment, the global market excluding China contracted by 6% in the first nine months of the year, with wide disparities by region.

In **Europe** and in **North and Central America**, demand plunged 20% and 11%, respectively, from particularly unfavorable comparatives.

The 20% nine-month and 23% third-quarter declines in Europe reflected the anticipated return to more normal levels after three years of strong post-Covid growth. As well, the uncertain economy and more restrictive financing continued to weigh on new vehicle output.

In North and Central America, the 11% nine-month and 14% third-quarter contractions stemmed from the introduction on January 1, 2024 of the new emissions standard that had spurred a wave of early buying throughout 2023, especially in the second half.

In **South America**, the market climbed 27% over the nine-month period, of which 28% in the third quarter, lifted by the highly favorable comparison with 2023, which had been adversely impacted by the surge in new truck buying in 2022 ahead of the new emissions standard introduced in early 2023.

REPLACEMENT

The global **Replacement** sell-in market (excluding China) grew by 3% over the first nine months.

In **Europe**, where tonnes carried remained more or less unchanged year-on-year (down 1%), sell-in demand declined by 2% over the period, with a third quarter on a par with 2023. Demand rose overall in Western European markets, but trended downwards in Central and Eastern Europe, dampened by the steep contraction in the Turkish market.

Replacement demand in **North and Central America** ended the first nine months up 11%, as the highly robust – more than 15% growth through end-July, driven by the massive imports ahead of higher anti-dumping duties for products coming from Thailand – was offset by corrective declines in August and September. Tonnes carried ended the first nine months just slightly down on the 2023 period.

Lifted by sustained growth in freight demand, particularly in Brazil, the **South American** market rose by 5% over the nine months, in line with first-half trends. The market is also seeing greater penetration from Asian import brands.

SPECIALTY BUSINESSES

Beyond-road tires (Agricultural, Infrastructure and Materials Handling): in this business, where demand is evenly balanced between OE and Replacement sales, the different segments turned in contrasting performances in the first nine months.

In Agricultural tires, OE markets, which are more cyclical, fell steeply in both the Americas and Europe, dragged down by adverse weather events and the reduction in average farming income following the erosion in farm commodity prices.
The Replacement market was broadly unchanged year-on-year, but remained roiled by the growing penetration of non-pool brands, particularly in the Americas.

Demand for Infrastructure tires contracted over the period, dampened by the slowdown in homebuilding, particularly in Europe. Business was more resilient in North America, however, supported by the growth in public spending and homebuilding.

The Materials Handling tire segment edged up somewhat, thanks to a slight upturn in port operations in both Europe and North America.

Mining tires: while the mining tire market is expected to remain robust over the long term, supported by ever-increasing ore mining needs, third-quarter 2024 remained short of demand fundamentals due to inventory drawdowns by mining operators at a time of higher interest rates and the sharper focus on cash flow. Destocking is expected to continue through the end of the year.

Two-wheel tires: after falling sharply in 2023 from its lofty post-Covid highs, the market remains vulnerable, particularly in the Bicycle tire segment where OEMs are struggling. In the motorcycle and scooter tire segment, after a first half dampened by poor weather conditions, the third quarter saw a rebound in demand for sport touring motorcycle and premium scooter tires.

Aircraft tires: after returning to 2019 levels in 2023 (except for China), the commercial aviation market continued to move back in line with normal averages in the first nine months of 2024, with a return to growth in air traffic in China, particularly on international flights. After being negatively impacted by the slowdown in fleet leasing demand in the first half, the general aviation market showed signs of a rebound in the third quarter.

Polymer Composite Solutions:

Fundamentals in the **conveyor belt** market, which closely track mining industry demand over the long term, remain buoyant, but nine-month business remained weighed down by comparison with the very high 2023 figures and by the financial imperatives pushing mine operators to postpone their capital projects. On the other hand, demand for service activities, which play a critical role in maintaining and optimizing mining facilities, is continuing to trend upwards.

In the other Polymer Composite Solutions markets, which concern a variety of verticals, global demand is still returning to normal levels as built-up inventory is reduced across the value chain. In the engineered films and fabrics segment, for example, the luxury leisure marine market is seeing a sharp slowdown from the very strong demand experienced in the two post-Covid years.

Sales

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In € millions	Nine months 2024	
Sales	**20,171**	
Total change	**-981**	**-4.6%**
Tire volumes	-1,125	-5.3%
Tire price-mix	+364	+1.7%
Non-tire businesses	-43	-0.2%
Currency effect	-250	-1.2%
Changes in scope of consolidation	+73	+0.4%

The Group's sales for the first nine months of 2024 totaled €20,171 million, a decrease of 4.6% from the year-earlier period that was attributable to the net impact of the following factors:

- a 5.3% decline in **tire volumes**, stemming from the slowdown in OE demand in both the B2C (Automotive) and B2B (Truck, Agricultural and Construction) segments. The mining business also encountered contextual difficulties, with the need to tighten export controls and respond to gradual inventory drawdowns by certain mining companies. Lastly, the Group continued to deploy its value-accretive strategy, leading it to withdraw from the least profitable segments.
- a 1.7% increase from the positive tire **price-mix** effect, as the price impact eased considerably to a negative €62 million with the end of the unfavorable impact of contractual indexation clauses. This was amply offset by the €426 million positive impact from the mix, buoyed by (a) growth in demand for 18-inch and larger tires in the Passenger car and Light truck segment, where the Group maintained its market share, and (b) the priority focus on the MICHELIN brand in every segment. The market mix was also favorable, with Replacement sales volumes proving more resilient than OE volumes.
- stable **non-tire sales** (down 0.2%), as the year-on-year decline in the conveyor business, due to high 2023 comparatives and weaker mining company capital spending, was mainly offset by sustained strong sales in the Connected Solutions and Lifestyle segments.
- a 1.2% decrease from the negative **currency effect**, primarily resulting from the declines in many currencies (US dollar, Chinese yuan, Turkish lira, Chilean peso, etc.) against the euro over the period.
- a 0.4% increase from **changes in scope of consolidation**, led by the inclusion of Flex Composite Group (FCG) in September 2023.

SEGMENT INFORMATION

AUTOMOTIVE

Sales in the Automotive (and related distribution) segment declined by 2.4% to €10,356 million in the first nine months of 2024, from €10,611 million in the prior-year period.

Segment volumes ended the first nine months down 2.4%. OE sales were adversely impacted by a slowdown in demand, particularly for EVs, in the final months of the period. Replacement sales were held back by the economic slowdown in China, although the Group maintained its share of the strategic and growing 18-inch and larger segment.

Dampened in the OE segment by the application of indexation clauses in the first half, the price effect remained unfavorable over the first nine months as a whole, but turned upwards in mid-year to end the third quarter in slightly positive territory.

The mix effect was highly favorable, lifted by sustained growth in the proportion of 18-inch and larger tires in the sales mix (64% of MICHELIN-branded volumes sold in the first nine months of 2024). The market mix was also positive, reflecting the fact that the slowdown in volumes was more pronounced in the OE segment than in Replacement.

Exchange rate movements had a generally negative impact on segment sales.

ROAD TRANSPORTATION

Sales in the Road transportation and related distribution segment declined by 4.6% in the first nine months of 2024, to €4,933 million from €5,173 million a year earlier.

Volumes contracted by 5.5%, reflecting the impact of (a) softer OE markets in Europe and North America after the robust gains in 2023 and (b) the ongoing strategy of targeting the most value-accretive market segments.

The segment’s price effect was favorable, as the negative impact of indexation clauses eased in the third quarter and the positive impact of the past year’s OEM contract renegotiations began to be felt.

The mix effect was also positive, led by the favorable Replacement/OE market mix and application of the Group’s value strategy targeting the most value-accretive segments and geographies.

Exchange rate movements had a generally unfavorable impact on segment sales.

SPECIALTY BUSINESSES

Sales in the Specialty businesses segment decreased by 9.1% over the period, to €4,882 million from €5,368 million at the end of September 2023.

Tire businesses: volumes fell by 8.7% in the face of a variety of cyclical headwinds. OE markets were lackluster, as were the Agricultural and Construction tire segments (homebuilding in particular). In a number of geographies, the mining tire business was faced with onerous export control obligations, while mining companies pursued the gradual inventory drawdowns initiated several months ago. However, the Group continued to expand and strengthen its positions in core markets (the Americas, Australia and China). Two-wheel and Aircraft tire volumes rose over the period.

While favorable in the third quarter, the price effect was unfavorable over entire nine months due to the negative impact of indexation clauses in the first half. The mix effect remained very positive over the full nine months, reflecting both the slower decline in Replacement volumes than in OE volumes and the ongoing focus on the most value-accretive product segments.

Polymer Composite Solutions: conveyor sales edged back somewhat over the period, hurt by the unfavorable comparison with a record 2023 performance and by the slowdown in capital spending on certain mining infrastructure projects, which reduced sales of new conveyors but increased demand for on-site services. The seals and membranes businesses maintained sales on a par with the prior-year period.

Exchange rate movements had a generally unfavorable impact on segment sales.

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Non-financial performance

Michelin is widely recognized for its engagement and its environmental, social and governance performance.

Rating agency	Sustainalytics	MSCI	CDP		Moody's ESG	ISS OEKOM	EcoVadis
Score*	Negligible risk *9.6*	AAA	A- Climate change	B Water security	73/100	B- Prime	78/100 Platinum

** Full details concerning the position and distribution of these scores are available at www.michelin.com*

Changes in non-financial ratings since the last half-year report:

Moody's: the Group's score was raised to 73/100, a two-point increase that reflected similar upgrades in both environmental and social/societal issues.

Highlights

July 24, 2024 [Group] – Segment operating income of 13.2% of sales in the first half of 2024. Strong free cash flow generation. Full-year guidance maintained.

August 2024 [Planet] – Michelin is leading the Tyre Digital Product Passport initiative as part of the EU-funded CIRPASS-2 project, in line with the European Ecodesign for Sustainable Products Regulation. Introduced in July 2024, the passport is designed to drive faster deployment of circular economy practices in Europe.

September 2024 [Group] – The IAA Transportation Trade Fair in Hanover offers Michelin the opportunity to reaffirm its position as an indispensable partner to the trucking industry, with two innovative new tire lines and a broadened range of connected solutions further demonstrating the benefits of the Group's All Sustainable vision for its fleet management customers.

September 2024 [Group] – The Group celebrates the 50th anniversary of its operations in the United States, dating to the inauguration of its corporate headquarters and R&D center in Greenville, South Carolina in 1974.

September 3, 2024 [People] – The updated Diversity, Equity and Inclusion policy is posted on the corporate website, attesting to the importance the Group attaches to the multi-faceted challenges and growing social expectations surrounding these issues.

September 11 to September 26, 2024 [People] – Michelin rolls out a new employee share ownership plan, open to 127,000 employees in 44 countries, and confirms its intention to renew the plans each year so that employees rank among the Group's leading shareholders.

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September 30, 2024 [Group] – Michelin celebrates the 50th anniversary of its Roanne plant, specialized in the production of ultra-high performance tires. Employing over 800 people, the plant has introduced the innovative C3M manufacturing process and improved its environmental performance by installing electric tire curing presses.

October 1, 2024 [Group] – As part of NASA's ARTEMIS program, Michelin and its partners deliver the mock-up of their Lunar Terrain Vehicle. Leveraging its expertise in airless technology and high-tech materials, Michelin has designed a wheel capable of withstanding extreme temperatures and radiation, while delivering optimum traction on lunar soil.

October 2, 2024 [Group] – Michelin cancels 11,721,769 treasury shares, representing 1.64% of total shares outstanding, in line with the share buyback program announced in February 2024.

October 4, 2024 [Group] – Michelin's Troyes plant celebrates 60 years of operation and a heritage of continuous innovation. Employing 460 people, the facility plays a strategic role in producing synthetic rubber, 90% of which is used in Michelin tire plants in Europe. In addition, the facility is actively developing innovative new elastomers for tomorrow's tires, which will reduce their carbon footprint and help to meet the Group's strategic objectives.

October 4, 2024 [Group] – The Center for Sustainable Materials, part of the Parc Cataroux program to repurpose the Clermont-Ferrand site, accelerates its scale-up with the inauguration of a new building. By 2030, the Center will triple its capacity, adding 700 new jobs and supporting 20 startups. Its role is to help startups to create their industrial demonstrators faster and more cost effectively.

October 2024 [People] – Prestigious magazine *HR Asia* names Michelin Thailand one of the "Best Companies to Work For in Asia 2024 – Thailand." The award recognizes Michelin's commitment to its employees and their well-being, in particular by nurturing a quality workplace environment, offering career development opportunities and championing an inclusive corporate culture.

A full description of the highlights may be found on the Michelin website, michelin.com

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Results presentation

Nine-month 2024 sales will be reviewed with analysts and investors during a presentation in English planned for **Wednesday, October 23, 2024** at **6:30 pm** CEST, and will be broadcast live on michelin.com

The conference call will be accessible on one of the following numbers:

• North America	+1 (718) 705 8796	+ pin code 147778
• France	+33 1 70 91 87 04	+ pin code 147778
• United Kingdom and rest of the world	+44 1 212 818 004	+ pin code 147778

Documents related to the financial information for the nine months ended September 30, 2024 (press release and slideshow) are available on michelin.com

2025 Investor Calendar

- February 12 — after close of trading: 2024 annual results
- April 24 — after close of trading: Financial information for the three months ending March 31, 2025
- May 16 — Annual Shareholders Meeting
- May 21 — Ex-dividend date
- May 23 — Dividend payment
- July 24 — after close of trading: First-half 2025 results
- October 22 — after close of trading: Financial information for the nine months ending September 30, 2025

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