



## PRESS RELEASE

### GROUP

Clermont-Ferrand – April 24, 2024

## **COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN** **Financial information for the three months ended March 31, 2024**

**Consolidated first-quarter 2024 sales down 2.7% at constant exchange rates, on soft volumes as expected. Strong mix development reflecting Group performance in the most value-accretive segments. 2024 full-year guidance unchanged.**

### **Global sell-in markets edged up slightly, led by Replacement demand.**

- PC/LT tire demand grew by 2% thanks to robust Replacement demand in North America and China. After a strong start to the year, OE demand was flat over the full quarter. Stock levels in distribution are close to normative level.
- Truck tire markets outside China were up 2%, with Replacement demand increasing by 4% driven by sustained economic activity in North and South America, and increasing imports of Asian tires into North America ahead of expected anti-dumping duties. OE demand fell by 7% on highly unfavorable comparatives in Europe and North America.
- Specialty tire markets were mixed over the period. Construction, Agricultural OE and Two-wheel tire markets have declined, Mining tire demand improved but was impacted by inventory drawdowns, and Aircraft tire markets trended upwards.
- Non-tire markets were stable overall, reflecting the hesitant economic environment.

### **Consolidated sales down 4.6% for the period, of which 1.9% from currency movements. Performance in the most value-accretive segments translates into a stronger mix.**

- A 4.1% decline in volumes, stemming primarily from Truck and Specialty tires due to soft overall demand and a stricter selection of where-to-play market segments. Sales of 18-inch and larger passenger car tires expanded at a sustained pace.
- A positive 0.7% price-mix effect, combining the expected negative price impact from indexation clauses in the contractual businesses, and a powerful mix effect reflecting the Group's performance in prioritized market segments.
- Non-tire sales grew by 0.7% with the consolidation of FCG, acquired in 2023, but were unchanged like-for-like due to high prior-year comparatives.
- A strong negative 1.9% forex headwind, as most currencies declined against the euro.

### **Full-year guidance unchanged.**

- The Group is maintaining its projected sell-in markets scenario, with sales volumes still expected to end the year within the [-2%; 0%] range.
- 2024 guidance is unchanged, with segment operating income above €3.5 billion at constant exchange rates and reported free cash flow excluding M&A of more than €1.5 billion.

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**Sales for the three months ended March 31, 2024**

<b>First-quarter sales</b> (in € millions)	<b>2024</b>	<b>2023</b>	<b>% change</b> (at current exchange rates)
<b>RS1 - Automotive*</b>	<b>3,376</b>	<b>3,457</b>	<b>-2.4%</b>
<b>RS2 - Road Transportation*</b>	<b>1,595</b>	<b>1,696</b>	<b>-6.0%</b>
<b>RS3 - Specialty businesses*</b>	<b>1,671</b>	<b>1,808</b>	<b>-7.6%</b>
<b>Group Total</b>	<b>6,642</b>	<b>6,961</b>	<b>-4.6%</b>

\*And related distribution.

**Tire Market Review**
**PASSENGER CAR AND LIGHT TRUCK TIRES**

<b>First quarter</b> 2024/2023 (in number of tires)	<b>EUROPE*</b>	<b>NORTH &amp; CENTRAL AMERICA</b>	<b>CHINA</b>	<b>GLOBAL MARKET</b>
Original Equipment	-1%	+6%	+4%	0%
Replacement	+1%	+8%	+6%	+3%

\*Including Turkey.

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



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### **ORIGINAL EQUIPMENT**

In the **Original Equipment** segment, worldwide demand was flat over the period, as the slight 1% decline in Europe was offset by rebounds in China (up 4%) and North America (up 6%).

Demand also softened in the other operating regions, particularly in Japan, South Korea and the rest of Asia excluding China (down 9%) and in the Africa/India/Middle East region (down 4%).

The **European** market edged back somewhat year-on-year, reflecting sluggish demand, dampened by high interest rates and inflation-eroded purchasing power, and the slowing take-up of electric vehicles, impacted in particular by the reduction in government incentives in Germany.

Markets in **North and Central America** rose by an aggregate 6% year-on-year, lifted by favorable economic conditions and still buoyant purchasing power, and by the rebuilding of automaker vehicle inventories, which particularly boosted demand in the first two months of the year.

Demand in **China** climbed 4% over the period, led by a particularly favorable comparison with first-quarter 2023, when it was pushed down by high automaker vehicle inventories. In addition, growth in demand is being sharply driven by the production of new vehicles for export, with domestic demand remaining fragile.

### **REPLACEMENT**

Worldwide **Replacement** markets grew by 3% in the first three months of 2024, led by gains in every region except Asia excluding China. Dealer inventories remained close to normal in most regions.

In **Europe**, sell-in volumes rose by 1% over the period, while the product mix continued to move upmarket, with sustained growth in sales of 18-inch and larger tires and declines in the 17-inch and smaller segment. Demand was also supported by strong year-on-year growth in the winter tire segment.

The **North American** market ended the first quarter up 8%. In a resilient economy, demand is being driven by the non-pool segment, in particular following the lowering of antidumping duties on tires imported from Thailand since January 2024.

In **China**, demand rose by 6% year-on-year, reflecting (i) a favorable comparison with first-quarter 2023, when it was dampened by Covid-related restrictions, and (ii) early dealer buying ahead of price increases announced by local tiremakers.



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### TRUCK TIRES (RADIAL AND BIAS)

First quarter 2024/2023 (in number of tires)	EUROPE*	NORTH & CENTRAL AMERICA	SOUTH AMERICA	GLOBAL MARKET (excluding China)
Original Equipment	-16%	-16%	+18%	-7%
Replacement	-4%	+18%	+8%	+4%

\*Including Turkey.

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

In **China**, where the Group's presence is negligible, demand declined by 4% over the period.

#### ORIGINAL EQUIPMENT

In the **Original Equipment** segment, the global market excluding China fell by 7% in the first quarter, with wide disparities by region.

In **Europe** and in **North and Central America**, demand plunged 16% due to particularly unfavorable comparatives.

The decline in Europe reflected a return to more normal levels after three years of strong post-Covid growth. As well, the sluggish economy and more restrictive financing are weighing on new vehicle output.

In North and Central America, demand slipped following the introduction on January 1, 2024 of the new emissions standard that had spurred a wave of early buying throughout 2023.

Demand in **South America** climbed 18% over the period, lifted by the highly favorable comparison with first-quarter 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 4% over the first quarter.

Sell-in demand contracted by 4% in **Europe** compared with first-quarter 2023, hit by the year-on-year decline in freight volumes as dealer and customer inventories returned to normal. The fall-off was particularly steep in Northern Europe (down 10% in Germany, the United Kingdom and the Nordic countries), while Southern Europe (down 1%) and Central and Eastern Europe (down 3%) proved more resilient.



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Replacement demand in **North and Central America** ended the first three months up 18%, propelled by the stockpiling of Asian imports ahead of an increase in antidumping duties expected in the first half of 2024, with possible effect from April 1.

In **South America**, the market rose by 8% over the period and remains robust, supported by sustained growth in freight demand.

## SPECIALTY BUSINESSES

**Beyond-road<sup>1</sup> tires:** Demand for Agricultural tires fell sharply in the OE segment, due to weaker average farmer income in both Europe and the Americas, but showed more resilience in the replacement segment, ending the period down only slightly on first-quarter 2023.

Infrastructure and Construction tire sales contracted in both the OE and Replacement segments, impacted by the slowdown in homebuilding activity, particularly in Europe.

**Mining tires:** While the mining tire market is expected to remain robust over the long term, supported by ever-increasing ore mining needs, first-quarter 2024 fell slightly short of demand fundamentals due to inventory drawdowns by mining operators at a time of higher interest rates and the resulting sharper focus on cash flow.

**Two-wheel tires:** Demand remained flat in the first quarter, as the destocking observed in 2023 continued apace. However, the Recreational segment fared better over the period.

**Aircraft tires:** The market is expanding, led by the return to higher commercial passenger traffic, particularly on domestic Chinese flights. The General Aviation segment declined slightly over the quarter.

**Conveyor belts:** Demand contracted over the period due to unfavorable comparatives, particularly in Europe.

**Specialty polymers:** Global demand was stable overall, but varied by region and market segment.

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<sup>1</sup> The Beyond-road segment includes Agricultural, Materials Handling, Quarry, Construction, Defense, and Powersport (snowmobiles, quads, etc.) tires.

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### Sales

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In € millions	First-quarter 2024	
<b>Sales</b>	<b>6,642</b>	
<b>Total change</b>	<b>-319</b>	<b>-4.6%</b>
Tire volumes	-287	-4.1%
Tire price-mix	+50	+0.7%
Non-tire businesses	-2	-0.0%
Currency effect	-132	-1.9%
Changes in scope of consolidation	+52	+0.7%

Group sales for the first three months of 2024 totaled €6,642 million, a decline of 4.6% from the year-earlier period that was attributable to the net impact of the following factors:

- a 4.1% decline in **tire volumes** caused by the weakness in certain markets (Construction tires, Agricultural tires, Mining tire inventory drawdowns) and the Group's ongoing value strategy focused on the most value-accretive segments.
- a 0.7% increase from the positive tire **price-mix** effect. The €62 million negative price effect stemmed from the application of contractual indexation clauses, cushioned by the favorable renegotiation of certain contracts. It was amply offset by the €112 million positive mix effect, reflecting the priority focus on the MICHELIN brand in every segment and on the growth in the 18-inch and larger Passenger Car and Light Truck tire market. The geographic mix was also favorable, with demand rising faster overall in the North American and Chinese markets.
- flat **non-tire sales**, as the sustained growth in connected mobility solutions and in fine dining and travel services was offset by the lower sales of conveyors, belts and seals in comparison with the record highs reached in 2023.
- a 1.9% decrease from the negative **currency effect**, primarily resulting from the declines in a large number of currencies (US dollar, Chinese yuan, Turkish lira, Australian and Canadian dollars, etc.) against the euro over the period.
- a 0.7% increase from **changes in scope of consolidation**, led by the inclusion of Flex Composite Group (FCG) in September 2023.



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### **SEGMENT INFORMATION**

#### **AUTOMOTIVE**

**Sales** in the Automotive and related distribution segment declined by 2.4% to €3,376 million in the first three months of 2024, from €3,457 million in the prior-year period.

Segment volumes eased back a slight 1.1% over the period. OE sales broadly tracked the flat market, while Replacement sales declined, particularly in 17-inch and smaller tires and in the lower-value brands.

The price effect was unfavorable, adversely impacted in the OE segment by the delayed application of pricing clauses indexed to raw materials and other costs, which declined over the reference period.

The mix effect was highly favorable, lifted by sustained growth in the proportion of 18-inch and larger tires in the sales mix (63% of MICHELIN-branded volumes sold during the first half of 2024) and by a favorable geographic mix led by growth in North America and China. The OE/Replacement segment mix was slightly unfavorable.

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

#### **ROAD TRANSPORTATION**

**Sales** in the Road transportation and related distribution segment declined by 6.0% in the first three months of 2024, to €1,595 million from €1,696 million in the year-earlier period.

Group volumes contracted by 5.8%, reflecting the ongoing deployment of the strategic focus on the segment's highest value-accretive market segments. Sales of fleet services were unchanged for the period.

The price effect was slightly favorable, as the renegotiation of OEM contracts in recent months more than offset the negative impact of contractual indexation clauses.

The mix effect was also favorable over the period, with application of the Group's value strategy focused on the most value-accretive segments offsetting the impact of the OE/Replacement mix, which remained negative due to robust OE sales.

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



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### SPECIALTY BUSINESSES

**Sales** in the Specialty businesses segment declined by 7.6% over the period, to €1,671 million from €1,808 million in the first quarter of 2023.

**Mining tires:** while the ore market remains structurally positioned for growth, sales volumes declined over the period, hurt by the unfavorable comparison with first-quarter 2023, when 2022 back-order fulfillments pushed volumes to record highs, and by the gradual drawdown of mining operator inventory. Like most of the other indexed businesses, the Mining tire segment suffered an unfavorable price effect from the application of indexation clauses.

**Beyond-road<sup>2</sup> tires:** volumes declined over the first quarter, dragged down by a sluggish Construction tire market and impacted by the ongoing deployment of the Group's value-driven strategy in the segment. On the upside, high value-added categories such as agricultural systems and tracks, as well as tires for high-power tractors, pursued their robust growth, particularly in North America. This had a positive impact on the segment's product mix.

**Two-wheel tires:** in a generally depressed market, the volume effect was unfavorable in first-quarter 2024. Motorcycle tire sales declined over the period, as a rebound in North America was offset by softer demand in Southeast Asia and other regions, while bicycle tire sales returned to slight growth from a relatively low basis of comparison.

**Aircraft tires:** following on from 2023, demand remained robust, particularly in the Commercial segment, which saw significant volume growth. In addition, both the price and the mix effect remained positive.

The **Conveyor belt** business contracted over the first quarter, mainly due to an unfavorable comparison with the record highs reached in 2023.

The **Polymer Composite Solutions** business was almost on a par with the prior-year period, with seals and membrane sales tracking markets whose growth varied by region. The integration of Flex Composite Group is proceeding as planned.

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

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<sup>2</sup> The Beyond-road segment includes Agricultural, Materials Handling, Quarry, Construction, Defense, and Powersport (snowmobiles, quads, etc.) tires.





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### **Non-financial performance**

Michelin is widely recognized for its engagement and outcomes in respect to the environment, its social responsibility and its corporate governance.

<b>Rating agency</b>	<b>Sustainalytics</b>	<b>MSCI</b>	<b>CDP</b>		<b>Moody's ESG</b>	<b>ISS OEKOM</b>	<b>EcoVadis</b>
<b>Score*</b>	Low risk 11.52	AAA	A- Climate change	B Water security	71/100	B- Prime	78/100 Platinum

\* Full details concerning the position and distribution of these scores are available at [www.michelin.com](http://www.michelin.com)



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### **Highlights**

**January 16, 2024 [Planet]** – The Group announces its intention to apply the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), in alignment with the targets defined at COP15 in Montreal. The announcement expands on Michelin's commitments to biodiversity already expressed in 2018 through the act4nature international initiative.

**January 19, 2024 [Group]** – Michelin, IFPEN and Axens inaugurate the first industrial-scale demonstrator unit capable of producing bio-based butadiene, representing a major milestone in the creation of a new industry. Built on the Michelin site in Bassens, France, the demonstrator is part of the BioButterfly project, which aims to develop and bring to market butadiene using ethanol derived from plant biomass to replace butadiene made from petrochemical feedstocks.

**January 20-25, 2024 [People]** – The Michelin Volunteers program encourages employees to get involved in local community engagement initiatives addressing a broad array of issues, including health, education, emergency relief, safe mobility, the environment, diversity and inclusion. In 2023, 15.7% of Group employees, or 19,700 people, took part in a volunteer program, with a target of 20% set for 2030. Their engagement is helping to support the Group's deeply held social responsibility commitment to acting in the common good.

**February 5, 2024 [Planet]** – The CDP rating organization once again finds that Michelin is demonstrating leadership in tackling the challenges of both climate change, with an A- rating, and water security, with a B rating.

**February 6, 2024 [People]** – Following an assessment by the Fair Wage Network, a globally recognized NGO, Michelin is certified as a "Global Living Wage Employer," attesting to the ability of the Group's fair compensation policies and practices to guarantee a living wage for every employee in more than 60 countries.

**February 12, 2024 [Group]** – Michelin reports €3.6 billion in segment operating income and €3.0 billion in free cash flow for 2023. Despite adverse market conditions and exchange rates, Michelin demonstrated the strength of its strategy and the quality of its business model. The Group also improved employee engagement and stepped up progress on sustainable development, while capturing the full value of its differentiated solutions to meet the growing needs of its customers.

**February 22, 2024 [Planet]** – Michelin joins Antin and Enviro to announce the construction of their first end-of-life tire-recycling plant in Uddevalla, Sweden. The project will be based on Enviro's unique pyrolysis technology, which is capable of extracting carbon black, pyrolysis oil and other raw materials from end-of-life tires.

**March 6, 2024 [Planet]** – For the fourth year in a row, Michelin is recognized by international non-profit CDP as a "Supplier Engagement Leader" for the initiatives undertaken with suppliers to measure and reduce their carbon footprints.

**March 7, 2024 [Group]** – For the third time running, Michelin is identified as one of the world's most innovative companies in the Top 100 Global Innovators 2024 ranking.

**March 14, 2024 [Tires]** – At Tire Technology Expo 2024, Michelin unveils a new light particle analysis system that will deepen knowledge of tire and road wear particles (TRWPs). This major new step forward is aligned with the challenges of the Euro 7 standard, which will define regulatory tire abrasion thresholds. For nearly 20 years, Michelin has been actively engaged in reducing tire abrasion and conducting research on TRWPs.



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**March 20, 2024 [Planet]** – The EU-funded BlackCycle project, coordinated by Michelin and aimed at developing a tire circular economy, wins the Environmental Achievement of the Year award at Tire Technology Expo 2024.

**March 23, 2024 [Tires]** – For the 2024 MotoE™ World Championship round in Portimão, Portugal, Michelin presents its new tires for MotoGP™ electric class bikes containing more than 50% renewable and recycled materials. In line with the Group's commitment to making tires "all sustainable" by 2050, motorsports remain a key testing ground and an accelerator for technological innovations.

**March 26, 2024 [Group]** – Michelin, the leading tire manufacturer in the United States, surpasses 100 J.D. Power awards with the 2024 rankings, more than all its competitors combined. The awards, based on responses from more than 31,000 vehicle owners, illustrate the Group's high standards of quality and safety for its customers.

**March 26, 2024 [Planet]** – For the third consecutive year, Michelin is ranked No. 1 in the tiremaker category by SPOTT, a natural rubber ESG disclosure platform. Its score of 80.9% attests to the Group's leadership and transparency in responsibly helping to drive progress across the natural rubber value chain.

**April 3, 2024 [Group]** – In Clermont-Ferrand, the cornerstone is laid on the new Collaborative Innovation Hub (PIC), one of the four clusters in the Cataroux Park project undertaken by the Group to convert its historic production plant into an arena for innovation and a vector of economic, social and cultural development. The Hub is scheduled to open in late 2025.

**April 4, 2024 [Group]** – NASA selects the Moon RACER team, which includes Michelin, AVL, Boeing and the Northrop Grumman Corporation, for the first phase of the ARTEMIS project to develop a new Lunar Terrain Vehicle. The phase 1 contract gives the selected teams one year to complete a feasibility study for the proposed solution. Michelin will leverage the experience gained from previous collaborations with NASA and its expertise in airless technology and polymer composite solutions.

**April 8, 2024 [Lifestyle]** – The Michelin Guide unveils its first selection of Michelin Key honorees in France, celebrating the talent of hospitality professionals in 189 acclaimed hotels across the country. Carefully curated by the MICHELIN Guide teams, the establishments offer an outstanding experience and will now be bookable on the Guide's digital platforms. This initial selection will be followed by awards in other major tourist destinations.

**April 18, 2024 [Group]** – At the Michelin Media Day 2024 event, the Group announces three major innovations to support its transformation and to foster social and societal cohesion in France and around the world: the guarantee of a living wage and a universal social protection floor for all Michelin Group employees; the creation of an ambitious lifelong learning program; and the official presentation of Cataroux Park, a revitalization project unlike any other in Europe and a powerful accelerator of innovation.

**First quarter 2024 [Group]** – The Group continues to realign its manufacturing base for truck tires and related semi-finished products, announcing the forthcoming conversion of the plants in Olsztyn, Poland and Shenyang, China to passenger car tire production and the shutdown of metal reinforcement operations at the Shanghai, China facility. Michelin's priority is to support people during these transitions, by consistently applying the principles of respect, transparency and fairness throughout the process.

A full description of the highlights may be found on the Michelin website, [michelin.com](https://www.michelin.com)



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### Results presentation

First-quarter 2024 sales will be reviewed with analysts and investors during a presentation in English planned on **Wednesday, April 24, 2024 at 6:30 pm** CEST, and will be broadcast live on [michelin.com](https://www.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 three months ended March 31, 2024 (press release and slideshow) are available on [michelin.com](https://www.michelin.com)

#### Investor Calendar

- May 17 Annual Shareholders Meeting
- May 22 Ex-dividend date
- May 24 Dividend payment
- May 28 Capital Markets Day
- July 24 First-half 2024 results
- October 23 Financial information for the nine months ending September 30, 2024

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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 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.*

*In accordance with Regulation (EU) No. 596/2014, we hereby inform you that this press release may contain inside information.*