



PRESS RELEASE

GROUP

Clermont-Ferrand, June 19, 2023

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Michelin announces the acquisition of Flex Composite Group to create a leader in high-tech engineered fabrics and films

- Creating a leader in high-tech engineered fabrics and films, increasing by c. 20% the revenue of Michelin's High-Tech Materials businesses.
- An important step to develop Michelin beyond mobility and position it as a key player in polymer composite solutions, in line with *Michelin in Motion 2030* strategy.
- Leveraging both companies' distinctive capabilities to unlock deep-innovation synergies in a broad range of products and applications.
- Michelin's growth profile enhanced, EBIT-margin accretive for Group and Specialty segment, positive cash generation and EPS impact.
- Acquisition financed through available cash, Michelin's strong financial position maintained
- Closing of the transaction expected around end of Q3 2023.

Michelin and IDI announce today they have reached an agreement on the terms by which Michelin would acquire 100% of Flex Composite Group (FCG) for an enterprise value of €700 million.

FCG is a European leader in engineered fabrics and films with applications in highly technical markets such as marine, supercars & electric vehicles, sports, or construction. FCG masters a wide range of polymer composite solutions, adjacent to those already developed by Michelin. The company has 400 employees. It primarily operates in Europe, in fast-growing markets with strong demand dynamics catering to high-end customers. In 2022 FCG reported €202 million revenue. Over the 2015-2022 period, it delivered an average organic growth of 11%, with 25 - 30% EBITDA margin.

The agreement would enable Michelin and FCG to create a leader in high-tech engineered fabrics and films. This acquisition is in perfect alignment with Michelin in Motion 2030 strategy. This will mark a significant step forward in Michelin's strategy of growing its polymer composite activities in adjacent areas, leveraging unrivalled innovation and R&D capabilities, and benefiting from FCG's advanced customers intimacy and industrial process expertise.

The transaction would unlock deep innovation synergies in a broad range of products and applications, while further improving the environmental footprint of FCG.

FCG acquisition would grow Michelin's High-Tech Materials revenue by c.20% and accelerate the growth profile of this business. The transaction would be EBIT margin-accretive for Michelin at Group level and for the Specialty segment it will belong to, with positive cash generation and EPS impact.



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Florent Menegaux, CEO of Michelin, declared: "We are very pleased to extend a warm welcome to the FCG teams into our Group, to create a recognized leader in high-tech technical fabrics and films. This operation draws on the best of both companies, in particular on our shared expertise in polymer composite solutions. We are aiming to generate synergies and to push back the frontiers of deep-tech innovation in a wide range of new products and applications. This acquisition is a milestone in our strategy to position the Group as a key player in polymer composite solutions beyond mobility."

Emmanuel Capriglione, General Manager of FCG, declared: "FCG has enjoyed very substantial growth in its business in the last years. This success is due to a number of key factors: recognized expertise in composite materials and films, a capacity for innovation and a strong desire to constantly improve the service provided to its customers. With Michelin, FCG will be able to increase its capacity for innovation, its actions to reduce its environmental footprint and to provide its customers with more sustainable materials."

The transaction would be paid in cash and is fully financed through cash at hand, with Michelin's financial position remaining strong post transaction.

The transaction is expected to close by the end of Q3 2023, subject to customary closing adjustments and merger control clearances in relevant jurisdictions.



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Communication details

The press release and the slide-deck can be accessed on our website [michelin.com](https://www.michelin.com).

Yves Chapot, General manager and CFO, will comment this announcement during a Conference call scheduled today, **June 19, 2023** at **8:00 am** CEST.

Access to the Conference call:

- Via **Webcast** on the Michelin website: [michelin.com](https://www.michelin.com) (Audio & Presentation)
- Via **Phone conference** (Audio only) by dialing-in one of the following numbers from 7:50 am CEST:
 - from **France** +33 1 70 91 87 04 PIN: 147778
 - from **the USA and Canada** +1 718 705 87 96 PIN: 147778
 - from **other countries** +44 1 212 818 004 PIN: 147778

For financial analysts to participate in the Q&A session, please connect to the Phone conference.

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