



GROUP INVESTOR RELATIONS

MICHELIN PRE-CLOSE CALL - Q1 2025 | Script

PCC date & time : April 9, 2025, 18h00 CET

[This pre-close call script is a quarterly summary of public information previously provided by Michelin, or otherwise available in the market, which may support in assessing Michelin's financial performance ahead of its Q1 2025 sales information on April 24, 2025. This script does not provide any new information or commentary on current trading]

Good afternoon to all of you, and thank you for joining this pre-close call. For your information, the content of this information call will be available on our website.

We will walk you through the latest developments of our Q1 revenue expectations, and share with you our understanding, still ongoing at this stage, of the latest announcements about US tariffs.

[Q1 sales]

Let us start with Q1 revenue expectations.

When we shared our view mid-February regarding 2025, you remember we were expecting a seasonality weighing more on the second semester, with a soft H1 and more dynamic H2.

This is happening indeed. If we refer to our company-collected consensus released on March 17 on our website, we currently expect a steeper seasonality within H1, with Q1 sales slightly below consensus, from lower volumes partially offset by a supportive price & mix.

Volume expectation is confirmed within a [-6% / -8%] range vs. Q1 2024, driven by depressed OE demand in the wake of Q4 2024.

- ⇒ In SR1, aside OE markets down sharply in Europe & North America in Jan & Feb, sales in Replacement are holding well, especially Michelin brand in America and Europe.
- ⇒ In SR2 alike, OE tire demand was depressed in Jan & Feb with Europe & North American markets down double digit, also consistent with our expectations. In Replacement, on slightly decreasing sell-in markets, we continue to focus on the most added-value markets and our Connected offers keep developing in Europe and South America.
- ⇒ SR3 sales remain penalized by Beyond Road OE markets, mostly Agro and Construction, like in 2024. On the other side we expect Mining close to Q1 2024 level despite a penalizing reference base, thus confirming that 2024 one-offs are behind us, and Aviation should post some growth.

As regards Price & mix effects, we expect them to remain supportive on the quarter:

- ⇒ Mix should be in the same order of magnitude as in 2024, pulled notably by a favorable OE/RT channel mix on the 3 reporting segments, the growth of Michelin-branded sales in Replacement in SR1 especially in 18 inch & more dimensions, and the business performance of Mining.
- ⇒ Price effect should be positive too, partially thanks to favorable impact of raw material indexation clauses effective Jan 1st, which typically applies to roughly 30% of the business.

Currency is expected slightly positive over the quarter, despite the current trading of USD vs EUR.

On the other components of the revenue, non-tire and scope are expected close to stable on the quarter.



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[Tariffs]

Beyond these Q1 highlights, let me give you some color on our understanding of Tariffs implications. This topic is evolving by the day and what we understand might be proven wrong in a week, but of course you deserve to know how we look at it.

As you are aware, over the years Michelin has been implementing a local-to-local strategy on a regional level, this proves to be very valuable when it comes to deal with high and volatile tariffs.

What's the status in the US? As already shared, around 70% of Michelin Group's tire sales in the US are manufactured in the US. The remainder is made of approximately 15% from Canada, 5% from Mexico, and the rest comes from Europe or Asia (Indonesia, Thailand...).

As a caveat, the analysis of all US Executive Orders still requires clarifications, and no conclusion can be drawn at this stage. Our understanding is as follows:

- finished products flows from CA & MX to the US which are USMCA-compliant are exempted until further review - which is expected by May 3-, and this applies to most of our trade within the North American region.
- finished products flows from other regions to the US could be impacted by the 25% tariff that applies to auto and auto parts, yet it is still to be confirmed whether all tires are falling under this tariff. For Michelin, the main flows are Europe-to-US in Agricultural tires and Indonesia-to-US in Tier 2 Passenger car tires.
- as regards raw materials, natural rubber is not impacted by any of the last announcements. As to synthetic rubber, the Group has one factory in the US, one in Europe and one in Asia, therefore there is limited intercontinental flows and US can be considered self-sufficient.

As regards retaliation tariffs from non-US countries, the story is just beginning. What we can say is that the USA is a low-exporting country for Michelin, therefore exports from US to Europe and Asia are very limited, aside some Mining tires to markets like Canada, South America and Australia. As regards EU counter-measures list communicated earlier in the week, no sensitive Michelin flows are concerned.

[Conclusion]

We are coming to the end of our call: in the current highly volatile context, we will not develop any forward-looking view today, we will keep it for our Q1 sales release later in the month.

Our general message at this point is that we are confident that Michelin is equipped to navigate these turbulent times.

Thank you very much for attending the call, and talk to you on the 24th of April after market close!

Contact: investor-relations@michelin.com

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