



PRESS RELEASE

GROUP

Clermont-Ferrand, April 26, 2021

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Financial information for the three months ended March 31, 2021

Q1 2021: €5.4 billion in sales, up 8.3% at constant exchange rates, lifted by the recovery in demand.

With the strong upturn in global demand, which offset major supply chain disruptions and persistent health-related restrictions:

- Passenger car/Light truck and Truck tire markets rose by 9% and 20%, respectively,
- Specialty markets saw a rebound, impelled by the Agricultural, Construction and Two-wheel tire businesses,
- Demand rebounded sharply in China across every market, returning to near-2019 levels.

€5,448 million in first-quarter sales, up a reported 2.3% after a negative 6% currency effect:

- 7.5% growth in tire volumes with, in particular, consolidation of the Group's positions in Passenger car/Light truck Replacement markets and gains in the Specialty businesses,
- A 0.3% increase from tire prices, as firm price discipline in response to higher raw materials and logistics costs offset the negative impact of indexation clauses,
- A 0.6% increase from the tire mix, as the sustained shift upmarket in the product mix, with market share gains in MICHELIN-branded 18-inch and larger tires, more than made up for the unfavorable business mix,
- Stable sales in the non-tire businesses, which were adversely impacted by the fall-off in demand in the restaurant and travel guides segments.

"Despite the disruptions from the Covid-19 pandemic and a certain amount of disorganization in the supply chain, Michelin delivered a robust performance in a first quarter shaped by an upturn in global demand. In addition to diligently managing its prices and strengthening its positions in the most promising growth segments, the Group continued to improve its competitiveness, in line with the Michelin in Motion strategy presented last April 8. In these challenging, uncertain times, I would like to thank everybody in the Michelin corporate community for their commitment to preparing the Group's future and sustainable growth," said Managing Chairman Florent Menegaux.

Michelin is opening up the capital of Solesis to Altaris Capital Partners to step up its expansion in healthcare markets:

- Demonstrates the Group's ability to capture the value of its High-Tech Materials businesses,
- The disposal gain added around €130 million¹ to consolidated net income.

Guidance confirmed

In 2021, in a still highly uncertain environment as the health crisis unfolds, Passenger car/Light truck tire markets are expected to expand by 6% to 10% over the year, Truck tire markets by between 4% and 8%, and the Specialty markets by 8% to 12%. Even as raw materials and logistics costs continue to rise, the Group maintains its objective of reporting a slightly positive net impact of changes in the price mix and raw materials costs.

In this scenario, and barring any new systemic impact from Covid-19,² Michelin confirms its guidance, with full-year segment operating income in excess of €2.5 billion at constant exchange rates and structural free cash flow³ of around €1 billion.

¹Without any impact on segment operating income or guidance

²Serious supply chain disruptions or restrictions on freedom of movement that would result in a significant drop in the tire markets.

³Structural free cash flow corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw material costs on trade payables, trade receivables and inventories.

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First-quarter sales

Sales (in € millions)	First quarter 2021	First quarter 2020	% change (at current exchange rates)
RS1: Automotive and related distribution	2,694	2,597	+3.7%
RS2: Road transportation and related distribution	1,388	1,360	+2.1%
RS3: Specialty businesses and related distribution	1,366	1,370	-0.3%
Group Total	5,448	5,327	+2.3%

Market Review

- PASSENGER CAR AND LIGHT TRUCK TIRES

First quarter 2021/2020 (in number of tires)	WESTERN & CENTRAL EUROPE*	RUSSIA & CIS	NORTH & CENTRAL AMERICA	SOUTH AMERICA	CHINA	ASIA (EXCLUDING INDIA & CHINA)	AFRICA/ INDIA/ MIDDLE EAST	TOTAL
Original Equipment	-4%	-8%	-8%	-5%	+80%	-5%	+2%	+10%
Replacement	+8%	-1%	+10%	+8%	+36%	+4%	-3%	+9%

*Including Turkey

Both the Original Equipment and Replacement segments of the global Passenger car and Light truck tire market rebounded by 9% in units sold in the first quarter of 2021, with a much faster 24% year-on-year gain in March reflecting the low 2020 comparatives caused by the spread of the pandemic.

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○ **ORIGINAL EQUIPMENT**

In the OE segment, tire demand rebounded by 10%, as the sharp market upturn from the low 2020 comparatives was dampened by the impact of semiconductor shortages in the global automotive industry.

In **China**, where markets felt the impact of Covid-19 from January 2020 onwards, demand surged 80% in the first quarter, reflecting the domestic carmaking industry's lower exposure to the shortage of electronic components.

While **European and North American** markets declined in the first two months of the year as the chip shortage forced plants to suspend production, March logically saw an extremely robust recovery off of weak prior-year comparatives hard hit by Covid-19.

In all, OE demand ended the first quarter down 4% in **Western and Central Europe** and down 8% in **North and Central America**.

In **South America**, demand declined by 5% over the full three months and remained negative in March due to disruptions in the supply of electronic components.

Demand in **Southeast Asia**, which was less affected by the Covid-19 crisis in the first quarter of 2020, contracted by 5%, primarily due to semiconductor supply issues.

○ **REPLACEMENT**

In the first quarter of 2021, worldwide demand for Replacement tires rose by 9% from a favorable basis of comparison, particularly in March.

Replacement markets in **Western and Central Europe** rebounded by 8%, as flat sales in the first two months were offset by a 24% upsurge in March, despite the restrictive measures still in place in some countries. Dealer inventories remain low.

In **the southern European countries** (France, Spain and Italy), where lockdowns had had the deepest impact in first-half 2020, demand was relatively more vibrant than in the rest of Europe, particularly in March.

Demand in **Russia and the CIS** remained down 1% in first-quarter 2021, reflecting the pandemic's fairly light impact in the prior-year period.

In **North and Central America**, Replacement demand rose by 10% overall, with gains in all of the leading markets over the period (United States, up 11%; Canada and Mexico, up 9%). This solid performance was led by an increase in Asian tire imports into the United States in January, ahead of the introduction of new customs duties, and by the very favorable basis of comparison in March.

Demand in **South America** rebounded by 8% in the first quarter of 2021, back in line with 2019 levels.

In **China**, where Covid-19 had impacted markets from January 2020 onwards, demand climbed 36% on very favorable comparatives.

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In **Asia (excluding China and India)**, demand ended first-quarter 2021 up 4%, reflecting a market recovery that varied by country. Demand in Japan, South Korea and Thailand rebounded naturally off of favorable comparatives, while the Vietnamese market went from strength to strength with an 8% increase on top of the already solid 4% gain in first-quarter 2020. In Indonesia, on the other hand, the sharp upturn in March only made up for the declines in January and February.

Demand in the **Africa/India/Middle East** region fell back 3% in first-quarter 2021, as the strong 21% rebound in March from favorable prior-year comparatives failed to offset the declines in January and February.

- **TRUCK TIRES (radial and bias)**

First quarter 2021/2020 (in number of tires)	WESTERN & CENTRAL EUROPE*	RUSSIA & CIS	NORTH & CENTRAL AMERICA	SOUTH AMERICA	CHINA	ASIA (EXCLUDING INDIA & CHINA)	AFRICA/ INDIA/ MIDDLE EAST	TOTAL
Original Equipment	+21%	+0%	+10%	+18%	+48%	-8%	+7%	+28%
Replacement	+17%	+2%	+11%	+14%	+57%	-2%	+2%	+18%

*Including Turkey

The number of new Truck tires sold worldwide rose by 20% in first-quarter 2021, buoyed by the strong upturn in freight demand as the global economy recovered.

- **ORIGINAL EQUIPMENT**

The global Original Equipment Truck tire market, as measured by the number of new tires sold, expanded by 28% in the first three months of 2021, led by 48% growth in China.

In **Western and Central Europe**, the OE market rose by 21% on a recovery that gained new momentum in March, spurred by fast growing demand in Italy and Germany.

Despite the prevailing shortage of semiconductors, OE demand in **North and Central America** rebounded robustly off of favorable prior-year comparatives, particularly in March, although it remained significantly below its first-quarter 2019 levels.

Demand in **China** maintained its strong growth trajectory with a 48% gain in the first quarter, led by both favorable bases of comparison and truck fleet upgrades to the standards required under the China 6 regulation, which will come into effect in July 2021.

In the rest of the world, **the South American market** enjoyed a vibrant 18% increase that outpaced the impact of favorable comparatives, while **the Asian, Indian and African markets** were still held back by the crisis.

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- **REPLACEMENT**

The worldwide Replacement tire market saw a sharp 18% uplift in the first quarter of 2021, with particularly strong momentum in February and March, driven by the 57% increase in demand in China and by the global economic recovery.

In **Western and Central Europe**, the market rose by 17% over the period. Demand was lifted by growth in Southern Europe (France, Spain, Italy), on top of the impact of favorable comparatives, helped by strong freight demand.

In **North and Central America**, a recovering economy and strong freight demand enabled markets to end first-quarter 2021 up 11%, versus flat growth in the prior-year period despite the spread of the pandemic.

The **Eastern European** market rose by 2% compared with a very high level in the year-earlier period, when it gained 21%.

Markets in **South America** expanded by 14% overall during first-quarter 2021, led by strong demand in Brazil, Chile and Peru. Argentina saw a steep 18% decline that reflected the high basis of comparison in first-quarter 2020, which saw 21% growth.

In **China**, the fast growing economy, which has completely emerged from the health crisis, pushed Replacement demand up 57% in the first quarter, lifting it close to 2019 levels.

In the rest of the world, **the Asian, Indian and African markets** were relatively unchanged compared with first-quarter 2020, which had yet to be seriously impacted by the health crisis.

- **SPECIALTY TIRES**

- **MINING TIRES:** The surface mining tire market began the year slowly but showed signs of a pick-up in March.
- **AGRICULTURAL AND CONSTRUCTION TIRES:** Agricultural tire markets sustained the rebound observed since the summer of 2020, which has been very robust in the OE segment thanks to the improvement in grain prices and farm incomes. The Construction and Infrastructure segments are benefiting both from the strong upturn in OE demand and from dealer inventory rebuilding.
- **TWO-WHEEL TIRES:** With two-wheel vehicles offering an increasingly popular alternative to public transportation, demand remains buoyant, particularly in the OE motorcycle and bicycle segments.
- **AIRCRAFT TIRES:** The commercial aircraft tire market remains weak, although March was the strongest month since the onset of the health crisis. Demand in the Military and General Aviation segments continued to hold up well over the period.
- **CONVEYOR BELTS:** The mining conveyor belt market had a mixed performance in first-quarter 2021, with demand flattening in Australia due to the dispute with China over coal exports but recovering in North America as conditions improved in the manufacturing industry.

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Michelin sales

- CONSOLIDATED SALES

(in € millions)		First quarter 2021	
Sales		5,448	
Q1 2021 vs. Q1 2020			
Total change		+121	+2.3%
Of which	Tire volumes*	+402	+7.5%
	Tire price-mix	+45	+0.9%
	Non-tire businesses	0	0.0%
	Currency effect	-321	-6.0%
	Changes in scope of consolidation	-5	-0.1%

* In tonnes

Sales for the first three months of 2021 totaled €5,448 million, an increase of 2.3% from the year-earlier period that was attributable to the net impact of the following factors:

- A 7.5% or €402 million increase from very strong growth in volumes as markets rebounded on the robust recovery in global economic activity.
- A 0.9% increase from the favorable price-mix effect. Prices added 0.3%, reflecting the net impact of (i) the Group's unwavering commitment to disciplined price management and (ii) the expected adverse impact of adjustments from the application of raw materials indexation clauses as of January 1. The mix effect, which accounted for a further 0.6% of growth, stemmed from the sustained up-market shift in the product mix and the strength of the MICHELIN brand, attenuated by an unfavorable business mix.
- Stable sales in the non-tire businesses, with growth in the High-Tech Materials and Services & Solutions businesses offset by the collapse in demand in the restaurant and travel guides segments caused by the Covid-19 pandemic.
- A 6% decrease from unfavorable exchange rate movements, primarily the decline in the US dollar, the Brazilian real, the Turkish lira and the ruble against the euro.
- A slight decrease from changes in the scope of consolidation following the removal of the printing, publishing and marketing businesses associated with Maps & Guides for France, effective February 1, 2021.

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- SALES BY REPORTING SEGMENT

Automotive and related distribution

Sales in the first three months of 2021 amounted to €2,694 million, up 3.7% on the same period in 2020.

In sharply rebounding markets, volumes rose by 7.8%, consolidating the Group's positions. Growth was dampened, however, by an unfavorable geographic mix, particularly in the OE segment with the very strong upturn in the Chinese market. The price-mix effect was favorable, reflecting the expected adverse impact of applying raw materials indexation clauses as of January 1 in the indexed businesses, disciplined price management in the Replacement markets, supported by the strength of the MICHELIN brand, and the continued enhancement of the product mix, with market share gains in MICHELIN-branded 18-inch and larger tires. The Segment was also impacted by a change in the scope of consolidation following the removal of the printing, publishing and marketing businesses associated with Maps & Guides for France, effective February 1, 2021.

Road transportation and related distribution

Sales for the first quarter amounted to €1,388 million, an increase of 2.1% compared with first-quarter 2020.

In markets that sharply rebounded over the period, volumes rose by 8.1%, held back by an unfavorable geographic mix caused mainly by very strong growth in the Chinese market. The price-mix effect was robust, reflecting the segment's selective focus on creating value.

Specialty businesses and related distribution

First-quarter sales totaled €1,366 million, unchanged from the same period of 2020.

Volumes rebounded by 6.2% on the brisk recovery in the Agricultural, Construction and Two-wheel tire markets. There was a negative impact from the business mix, due to slower growth in the mining and aircraft tire businesses, but it was partly offset by the positive price effect from the Group's sustained pricing discipline.

- **Off-the-road tires:** Group sales were lifted by the rebound in demand for Agricultural tires and tracks and Construction tires, which was especially strong in the Original Equipment segment. The Defense and Powersport businesses are continuing to trend upwards.
- **Mining tires:** Sales were supported by the Group's strong positions in both the Surface Mining and Original Equipment segments.
- **Two-wheel tires:** Output is being driven by fast-growing demand and high capacity utilization in both the Motorcycle and the Bicycle segments, despite the situation in Brazil where the Manaus plant and the Levorin brand have been particularly hard hit by the health crisis.
- **Aircraft tires:** The Military and General aviation segments are continuing to expand, while the Commercial segment remains severely impacted by the lack of commercial flights until vaccination is more widespread.
- Fenner's **conveyor belt businesses** are still trending upwards in line with the markets, with solid growth in order backlog in North America.

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Capital Markets Day: Michelin in Motion, the Group's "All Sustainable" strategy for 2030

At the Group's Capital Markets Day on April 8, 2021, Florent Menegaux, Managing Chairman, and Yves Chapot, General Manager and Chief Financial Officer, accompanied by all the members of the Group Executive Committee, presented Michelin in Motion, the Group's "All Sustainable" strategy for the next ten years.

In particular, Mr. Menegaux noted that: "With this new Michelin in Motion strategic plan, the Group is embarking on an ambitious growth dynamic for the next ten years. I am convinced that the engagement and capacity for innovation of our teams will enable us to deliver a harmonious blend of sustained business performance, continuous employee development and a commitment to the planet and our host communities. Even as it remains true to its heritage, by 2030 the Group's profile will have significantly changed with the ramp-up of new, high value-added businesses in both around and beyond markets. It is this ability to constantly reinvent itself that has underpinned Michelin's strength for more than 130 years and which today gives us confidence in the future."

A dedicated page has been created for the event on the www.michelin.com website. It features a number of [replayable](#) videos that review the day's presentations and offer insight into the following themes, which are going to drive the Group's sustainable growth:

- [Michelin's Environmental Leadership](#): Focus on the Automotive segment
- [Industry 4.0](#): a key lever to improve our industrial efficiency
- [Services and Solutions](#): understanding customer needs and how our products are used enables us to develop and offer high value-added solutions
- [High-Tech Materials](#): leveraging our R&D expertise in materials, to develop new growth avenues
- [Metal 3D Printing](#): a unique offering in a very high-potential market
- [Hydrogen](#): becoming a global player in hydrogen mobility



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First-quarter 2021 highlights

January 6, 2021 – Michelin launches a simplification and competitiveness project to support developments in its operations in France. To prepare for the future, Michelin has launched a three-year project to upgrade and transition its manufacturing, corporate and administrative operations in France. As part of this process, the Group has reaffirmed its commitment to positioning France in the production of premium and specialty tires while continuing to base new high value-added businesses in the country, particularly in the services, sustainable materials, energy transition and recycling segments. The simplification and competitiveness plan will be supported by an innovative social dialogue approach.

January 18, 2021 – Michelin unveils the 2021 MICHELIN Guide France, showcasing 33 more restaurants committed to sustainable fine dining.

February 8, 2021 – The MICHELIN X® Multi™ Energy™ family of truck tires is enhanced with two new fitments delivering greater fuel efficiency, lower CO₂ emissions per kilometer and a host of other benefits.

February 9, 2021 – Michelin announces the construction of its first end-of-life tire recycling plant, in Chile. Based on Enviro's pyrolysis technology, the Group will offer a solution that helps the environment and supports the development of a circular economy.

February 9, 2021 – CAMSO, a Michelin Group brand, today introduced the CAMSO TLH 732+ telehandler tire that delivers 64% more service life than its predecessor, the TLH 732. The new tire offers professionals in the construction industry performance, long-lasting durability, puncture resistance and improved traction.

February 11, 2021 – Michelin signs a letter of commitment for maritime transport with Neoline, a French shipowner relying mainly on sail propulsion. A test initiative to help decarbonize Michelin's logistics operations.

February 23, 2021 – Michelin reveals [how to make](#) a tire 100% sustainable. By 2050, the Group is committed to making MICHELIN tires entirely from renewable, recycled, biosourced or otherwise sustainable materials. An objective being met with powerful R&D capabilities and an open innovation strategy.

February 24, 2021 – The Coalition for the Energy of the Future, of which Michelin is a member, has announced seven projects with major milestones set to be reached as early as 2021. To date, 14 members have committed to accelerating the energy transition in transportation and across the entire supply chain.

February 25, 2021 – Michelin launches the MICHELIN Pilot Sport EV, the first tire in the Pilot Sport family purpose-engineered for electric sports cars. Designed in close collaboration with Tesla, the 20-inch MICHELIN Pilot Sport EV has been type-approved for the Tesla Model Y.

March 10, 2021 – Michelin launches the new MICHELIN Wild Enduro Racing Line mountain bike tire, designed for cyclists who want to ride the same tires as pro racers.

March 12, 2021 – ViaMichelin itineraries now include the cost of a car's wear and tear, giving users greater control over their travel budget. A new way for Michelin to offer everyone a better mobility experience.



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March 19, 2021 – Michelin partners with Sennder, Europe’s leading digital freight forwarder, to make road freight more cost-effective and less carbon intensive.

March 26, 2021 – Michelin invests €3.5 million to open its first automated mask manufacturing workshop in France, with the goal of producing four million units a month.

April 2021 – Michelin subsidiary Symbio has joined two development projects, one with bus manufacturer Safra and the other with Stellantis, in a further illustration of the growing importance of hydrogen technology in making zero-emission mobility a reality.

April 2, 2021 – The benefits of Michelin and BMW’s long-standing relationship, built on the shared values of precision, performance, responsibility and innovation, have once again been demonstrated with the development of the MICHELIN Pilot Sport 4S* and the MICHELIN Pilot Sport Cup2 Connect tires specifically for the BMW M3 and M4.

April 8, 2021 – At its Capital Markets Day, Michelin presents Michelin in Motion, its “All Sustainable” strategy for 2030, which is designed to achieve the right balance between people, planet and profit.

April 15, 2021 – Michelin and Altaris announce their intention to join forces to speed the growth of Michelin subsidiary Solesis in healthcare markets. A concrete illustration of the Group’s commitment to expanding outside the tire industry.

April 15, 2021 – ProovStation partners with Michelin in automated vehicle inspections, enhancing its solutions with the Group’s expertise in tire data analysis.

A full description of highlights for the first three months of 2021 may be found on the Michelin website: <http://www.michelin.com/>

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PRESENTATION AND CONFERENCE CALL

First-quarter 2021 sales will be reviewed with analysts and investors during a presentation in English today, Monday, April 26, 2021 at 6:30 p.m. CEST.

WEBCAST

The presentation will be webcast live on: <https://www.michelin.com/en>

CONFERENCE CALL

Please dial-in on one of the following numbers from 6:20 pm CEST:

- In France +33 (0) 1 72 72 74 03 – PIN: 65604205#
- In the UK +44 (0)207 194 3759 – PIN: 65604205#
- In North America (+1) 646 722 4916 – PIN: 65604205#
- From anywhere else +44 (0) 207 194 3759 – PIN: 65604205#

Financial information for the three months ended March 31, 2021 (press release and slideshow) may also be viewed at <http://www.michelin.com/en>, along with practical information concerning the conference call.

INVESTOR CALENDAR

- Annual Shareholders Meeting: Friday, May 21, 2021
- First-half 2021 results: Monday, July 26, 2021 after close of trading
- Financial information for the nine months ending September 30, 2021: Monday, October 25, 2021 after close of trading

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