



## PRESS RELEASE

### GROUP

Clermont-Ferrand, October 25, 2022 – 17h45

# COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

## Financial information for the nine months ended September 30, 2022

**Nine-month sales rose by 20.5% to €20.7 billion.  
In a highly inflationary environment, 2022 full-year guidance is confirmed for  
operating income and adjusted for structural free cash flow.**

In a market environment shaped by continuing operational disruptions, widespread inflation and limited visibility as to future demand, Michelin delivered growth in sales and is steering operations to ensure adequate inventory levels.

Nine-month markets remained on an upward trend:

- End-user demand (sell-out) held firm in most regions and markets.
- As regards sell-in demand, Passenger Car & Light Truck tire markets grew by 1.4%, lifted by a third-quarter recovery in Original Equipment (OE) demand, mainly in North America and China; Replacement (RT) markets remained stable, with a mix temporarily impacted by rising imports from Asia.
- Truck tire markets -excluding China- expanded by 6.0% with an acceleration in the third quarter.
- Specialty tire markets remained robust in all segments except Agricultural and Construction in the third quarter; demand remains strong in Mining.

Consolidated sales for the nine months ended September 30, 2022 came in at €20.7 billion, up 20.5% year-on-year, including a 6.5% positive currency effect:

- A 13.4% gain from price increases, reflecting the Group's policy of systematically passing on cost inflation factors and the growing impact of price indexation clauses.
- A 0.9% increase from the mix effect reflecting growth in the Passenger Car 18-inch and larger segment and in Mining, partially offset by an adverse OE/RT mix effect in the Automotive business.
- A 2.4% decline in volumes, mostly due to the exit from Russia and lockdowns in Chinese cities, amid persistent operational disruptions.
- A 1.0% gain from changes in scope, mainly reflecting the consolidation of Allopneus.com.
- Non-tire sales grew by 22% accounting for 1.1% of consolidated sales growth, demonstrating the validity of the ongoing *Michelin in Motion* Group strategy.

### Full-year guidance

Market projections for Passenger Car and Light Truck tire markets are expected to end the year between +2% and -2%, Truck tire markets (excluding China) to expand by between 2% and 6%, and Specialty tire markets to grow by between 3% and 7%.

Within this scenario, full-year guidance is confirmed for segment operating income above €3.2 billion at constant exchange rates, and adjusted to €0.7 billion for structural free cash flow<sup>1</sup>.

<sup>1</sup> Structural 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.

**GROUP**
**Nine-month ended September 30, 2022 sales**

Sales (in € millions)	Nine months 2022	Nine months 2021	% change (at current exchange rates)
<b>RS1 – Automotive*</b>	<b>10,238</b>	<b>8,603</b>	<b>+19.0%</b>
<b>RS2 – Road Transportation*</b>	<b>5,403</b>	<b>4,503</b>	<b>+20.0%</b>
<b>RS3 – Specialty businesses*</b>	<b>5,091</b>	<b>4,098</b>	<b>+24.2%</b>
<b>GROUP</b>	<b>20,732</b>	<b>17,204</b>	<b>+20.5%</b>

\*And related distribution.

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

Nine months 2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	CHINA	GLOBAL MARKET
Original Equipment	<b>+1%</b>	<b>+11%</b>	<b>+9%</b>	<b>+7%</b>
Replacement	<b>+5%</b>	<b>-2%</b>	<b>-12%</b>	<b>+0%</b>

Third quarter 2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	CHINA	GLOBAL MARKET
Original Equipment	<b>+26%</b>	<b>+25%</b>	<b>+29%</b>	<b>+26%</b>
Replacement	<b>-1%</b>	<b>-7%</b>	<b>-3%</b>	<b>-1%</b>

\*including Turkey.



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The number of Original Equipment and Replacement Passenger Car and Light Truck tires sold worldwide rose by a slight 1% year-on-year in the first nine months of 2022, reflecting stable demand in the Replacement segment (+0%) and a 7% gain in Original Equipment.

### ORIGINAL EQUIPMENT

**Worldwide** OE demand, which was down 2% year-on-year in the first half, turned upwards in the third quarter (+26%), led by very favorable prior-year comparatives and by improvements in the semiconductor and other supply chains. However, the latter remained under severe pressure, however, and global demand ended the period 2% lower than in third-quarter 2019.

After contracting by around 8% year-on-year in the first half, primarily due to the disruptions in automaker supply chains caused by the conflict in Eastern Europe, demand in **Europe** climbed 26% in the third quarter, but nevertheless remained 19% below third-quarter 2019 levels.

In **China**, the resurgence of Covid-19 in April and May caused demand to hit new lows before rebounding sharply in June as health restrictions were lifted. Demand remained robust in the third quarter, with a 29% gain led by government new car incentives and fast-growing EV sales helping to push the market up 19% on third-quarter 2019.

After delivering 5% growth in the first half, the **North and Central American** market ended the first nine months up 11%, at a time of persistently low new vehicle inventory. In the third quarter alone, demand was down 7% on the 2019 period.

Over the first nine months of 2022, demand from **Asian carmakers outside China** was up 4% year-on-year but down 15% on the 2019 period.

### REPLACEMENT

**Global** demand for Replacement Passenger Car and Light Truck tires was stable year-on-year in the first nine months, following a slight 1% decline in the third quarter. The overall stability reflected situations that varied by region.

The **European** market ended the period up 5%, as a 7% increase in the first half was dampened by a 1% slippage in the third quarter. After two positive summer months (+2%) the demand was 7% down in september on unfavorable comparison bases due to price increases implemented on October 1<sup>st</sup>, 2021.

**In China**, nine-month demand was 12% below 2021 levels. After dropping 16% in the first half due to mobility restrictions in the wake of the spring lockdowns, demand is gradually recovering with a 3% contraction in the third quarter, despite the adverse impact of resurgent Covid-19 and local lockdowns.

**The North and Central American market** slipped 2% over the first nine months. Demand slowed 7% in the third quarter after gaining a slight 1% in the first half. At the same time, the sell-in market mix has been temporarily impacted by rising Asian import volumes as global supply chain constrictions eased.

**The other Regions** enjoyed sustained growth in demand, with increases of 10% in Asia excluding China (of which 17% in the third quarter) and of 5% in South America (of which 6% in the third quarter).



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### TRUCK TIRES & BUS (radial and bias)

Nine months 2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	SOUTH AMERICA	GLOBAL MARKET
Original Equipment	+5%	+10%	+13%	-21%
Replacement	+9%	+12%	+4%	-0%

Third quarter 2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	SOUTH AMERICA	GLOBAL MARKET
Original Equipment	+14%	+12%	+15%	+3%
Replacement	-3%	+15%	-3%	+4%

\*including Turkey

The global **Truck** tire market ended the first nine months of 2022 down 5%, as a 4% increase in the third quarter helped to offset the 9% decline in the first half.

Excluding China, where the Group is not significantly present, the global market expanded by 6% over the period.

### ORIGINAL EQUIPMENT

The **worldwide OE market** declined by 21% overall in the first nine months but was up 10% excluding China.

Markets in **Europe** (up 5% year-to-date and 14% in the third quarter), **North and Central America** (up 10% year-to-date and 12% in the third quarter) and **South America** (up 13% year-to-date and 15% in the third quarter) remain on a robust upward trend. Demand is being driven by fleet upgrades prompted by new environmental standards and driver shortages, which are keeping truck-maker order books full through to 2023.



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### REPLACEMENT

The **global Replacement Truck tire** market was unchanged year-on-year over the first nine months, held back by the 19% contraction in China. Excluding China, the market ended the period up 5%.

Despite a slightly weaker third quarter, the **European market** rose by 9% year-on-year in the first nine months, buoyed by still strong freight demand.

In **North and Central America**, demand climbed 12% year-on-year in the nine-month period, with a 15% gain in the third quarter off more favorable prior-year comparatives.

Despite a slowdown (-3%) in the third quarter, demand in **South America** ended the first nine months up 4%.

Growth was also sustained in **Asia excluding China**, at 11% year-to-date and 18% in the third quarter.

### SPECIALTY TIRES

- **MINING TIRES:** with supply chains showing a significant improvement in the third quarter, demand for ore remains strong, and still low mining company tire inventory is helping to lift the market.
- **AGRICULTURAL AND CONSTRUCTION TIRES:** replacement markets, which were buoyant in the first half, started to slow down in the third quarter, while OE demand was boosted over the quarter by the improved availability of components and parts. Material handling tire demand is still on the rise.
- **TWO-WHEEL TIRES:** demand grew compared with the year-earlier period but remains adversely impacted by rising dealer inventories as sell-out slows and inflation erodes consumer purchasing power, particularly in the Leisure segment.
- **AIRCRAFT TIRES:** demand rose off favorable prior-year comparatives, particularly in the commercial aviation segment, which rebounded sharply at the beginning of the year. The recovery remains fragile, however, due to geopolitical instability and the health situation in China. The General Aviation market is continuing to expand, in line with 2021 trends.
- **CONVEYOR BELTS:** the market remains robust in every region, both in the mining segment, driven by strong demand for commodities, and in the manufacturing segment, supported by high capital spending.
- **SPECIALTY POLYMERS:** demand is continuing to grow in the leading markets, such as industry, aerospace, energy and medical applications.



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### Michelin sales

CHANGE – NINE MONTHS 2022 / NINE MONTHS 2021

(in € millions)	Nine months 2022	
<b>Sales</b>	<b>20,732</b>	
<b>Total change</b>	<b>+3,528</b>	<b>+20.5%</b>
Tire volumes*	-408	-2.4%
Tire price-mix	+2,459	+14.3%
Non-tire businesses	+185	+1.1%
Currency effect	+1,116	+6.5%
Changes in scope of consolidation	+176	+1.0%

\*in tons

Sales for the first nine months of 2022 totaled €20,732 million, an increase of 20.5% from prior year that was attributable to the net impact of the following factors:

- **A 2.4% or €408 million decrease** from the decline in volumes stemming from the shutdown of Group operations in Russia since March and weak demand in China, particularly during the country's widespread lockdowns in the second quarter. Excluding these exogenous factors, volumes held firm year-on-year, reflecting the Group's priority focus on defending unit margins in a context of a sell-in market temporarily impacted in Q3 by rising Asian imports and high inventories in distribution.
- **A 14.3% or €2,459 million increase from the price-mix effect**, combining the impacts of:
  - **a 13.4% gain from price increases**, reflecting (i) the Group's policy of systematically passing on higher costs in its selling prices and (ii) the application of price indexation clauses effective July 1<sup>st</sup>.
  - **a 0.9% increase from the mix effect**, reflecting the sustained growth in the proportion of 18-inch and larger tires in Automotive segment sales and the expected strong momentum in Mining tire sales. These favorable factors were partially offset by the unfavorable shift in the OE/RT business mix in the Automotive and Road Transportation segments.
- **A 22% growth in Non-tire sales** led by robust gains in Fenner and fleet management businesses, contributing by +1.1% to Group's revenue growth.
- **A €1,116 million or 6.5% increase from the favorable currency effect**, primarily stemming from the US dollar's rise against the euro.
- **A 1.0% increase from changes in the scope of consolidation**, mainly the inclusion of Allopneus.com since December 30, 2021.



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### SALES BY REPORTING SEGMENT

#### Automotive<sup>2</sup>

Sales in the Automotive segment rose by 19.0% to €10,238 million in the nine months ended September 30, 2022.

In markets up 1%, Group volumes contracted by 4% over the period, reflecting both the segment's significant exposure to Russia and China and high volatility in the sell-in market mix during the third quarter, particularly in North America and, to a lesser extent, in Europe<sup>3</sup>.

Segment sales were also lifted by a very favorable price effect, reflecting both (i) the price increases introduced in Replacement markets in the first half to offset higher costs and (ii) the application of indexation clauses on July 1 in OE.

The mix was supported by the sustained growth in the percentage of 18-inch and larger tires in the sales stream and by a favorable geographic mix. These favorable factors were mitigated by the relatively faster growth in OE sales.

Segment sales were also positively impacted by the consolidation of Allopeus.com operations, as well as by exchange rate movements.

#### Road Transportation<sup>2</sup>

Nine-month sales in the Road Transportation segment amounted to €5,403 million, a year-on-year increase of 20.0%.

In markets outside China, which rose by 6%, Group volumes were virtually stable, with a 0.5% decline reflecting (i) high volatility in the sell-in market mix, particularly in the third quarter<sup>3</sup> and (ii) the ongoing deployment of the Group's strategic focus on the division's highest value market segments.

Sales were buoyed by a favorable price effect which, as in the other segments, stemmed from price increases introduced to offset higher costs and the application of indexation clauses on July 1 in OE.

The mix, however, was hurt by the strong relative outperformance of OE sales compared with Replacement sales.

#### Specialty businesses<sup>2</sup>

Sales in the Specialty business segment rose by 24.2% year-on-year to €5,091 million in the first nine months of 2022.

Segment volumes edged back by 1.2% over the period but rose year-on-year in the third quarter, driven by the expected rebound in Mining tire shipments.

The segment also enjoyed a very positive price effect, reflecting the price adjustments on July 1 in application of indexation clauses, whose adjustment periods are longer on average than in the Group's other B2B businesses.

- **Beyond road tires:** Sales continued to benefit from the price increases passed on in the first half, despite persistent disruption in the supply chain.
- **Mining tires:** In still expanding markets, sales volumes were in line with expectations in the third quarter and sales revenue was lifted by the indexed price adjustments introduced on July 1.

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<sup>2</sup> and related distribution

<sup>3</sup> see comments on Group volumes above.



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- **Two-wheel tires:** Sales are still being driven by a highly favorable price-mix in a market where demand remains high, but growth is slowing.
- **Aircraft tires:** Sales remain buoyant as demand continues to recover, particularly in the General Aviation segment.
- **Fenner:** The conveyor belt, precision polymers and engineered seals businesses are experiencing steady growth. Segment sales were also favorably impacted by price evolutions.

## Non-financial performance

Michelin is included in the leading socially responsible investment (SRI) indices. The Group, whose environmental, social and governance performance has been assessed since 2003 by the main non-financial rating agencies, is today widely recognized for its engagement and outcomes.

Rating agency	Sustainalytics	MSCI	CDP		EcoVadis	ISS ESG	Vigeo Eiris Moody's
<b>Score* 2022</b>	Low risk	AAA	A Climate change	B Water security	75/100 Platinum	B-	73/100

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

Ratings assigned during the period:

- **August 2022 – [ECOVADIS]:** EcoVadis has renewed Michelin's Platinum rating, the highest distinction attributed to companies scoring in the top 1% in overall sustainability performance.

## Highlights

**July 14, 2022 – [Beyond Tires]** – Fenner Conveyors acquires all outstanding shares of Conveyor Products & Solutions (CPS), a global, Australian-based leader in innovative design, engineering and manufacturing of high-quality conveyor rollers, idlers and pulleys. The acquisition has strengthened Fenner Conveyors' access to global markets and expanded its services portfolio.

**August/October 2022 – [Beyond Tires]** – The MICHELIN Guide is enhanced with new curated selections making their debut in Tainan and Kaohsiung (Taiwan), Toronto (Canada) and Istanbul (Turkey).

**September 12, 2022 – [Group]** – Capital reduction: following the cancellation of 4,326,536 treasury shares, representing 0.61% of total shares outstanding, the Company's issued share capital consists of 709,795,312 shares. The cancellation was in line with the Group's commitment to offsetting dilution from new shares issued or vesting under employee share ownership plans and performance share plans.

**September 14 to 29, 2022 – [Group]** - Strong take-up for the new "BIB'Action 2022" employee share ownership plan. Open to more than 120,000 employees in 47 countries, the new plan, which offers more attractive terms, illustrates Michelin's determination to have its employees collectively rank among its main shareholders. With half of all employees participating in the plan, including 30% who became new shareholders, take-up was high, demonstrating the confidence and commitment of Group employees.





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**October 5, 2022 – [Tires]** – In a world first, Michelin unveils two new tires, one for cars and the other for buses, approved for road use and containing 45% and 58% sustainable materials respectively. The Group has once again demonstrated its technological leadership in materials and intends to bring the innovation to market by 2025.

**October 5, 2022 – [Group]** – Michelin presents the changes in tire markets and the transformation of its facilities at the 2022 Media Day event. Michelin also reviewed both the major transformations underway in its production facilities to respond to emerging environmental, technological and human challenges and its core objectives for the years ahead: reaching net zero carbon emissions by 2050 while striving to cut these emissions in half between 2010 and 2030; catalyzing business performance with digitalization, leveraging artificial intelligence and increasing employee empowerment.

**October 6, 2022 – [Beyond Tires]** – Symbio, the Group's hydrogen joint-venture with Faurecia, announces the start-up of its Innoplate joint-venture with Schaeffler, which will produce fuel cell bipolar plates to support global mobility and energy solutions. Located in Haguenau, in France's Alsace region, the Innoplate plant will begin production in early 2024.

**October 6, 2022 – [Beyond Tires]** – Symbio, the Group's hydrogen joint-venture with Faurecia, unveils the global scale of its game-changing HyMotive project, which is accelerating its roadmap towards leadership in the global fuel cell market. HyMotive has been selected as a Hy2Tech hydrogen IPCEI (Important Project of Common European Interest), with the support of the France Relance/France 2030 program. It will enable Symbio to fast-forward its process engineering and disruptive innovation capabilities, while increasing total production capacity in France to 100,000 systems a year by 2028 and creating 1,000 jobs. The Saint-Fons gigafactory will begin production in late 2023.

The complete list of the latest news  
is available on the Group's website: [www.michelin.com/en](http://www.michelin.com/en)



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### Communication – practical information

#### PRESENTATION AND CONFERENCE CALL

Nine-month 2022 sales will be reviewed with analysts and investors during a presentation Tuesday, October 25, 2022 at 6:30 p.m. CEST.

#### WEBCAST

The presentation will be webcast live on: [www.michelin.com/en](http://www.michelin.com/en)

#### CONFERENCE CALL

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

- |                                  |                   |             |
|----------------------------------|-------------------|-------------|
| • In France                      | +33 1 70 91 87 04 | PIN: 137627 |
| • In the UK & from anywhere else | +44 1 212 818 004 | PIN: 137627 |
| • In North America               | +1 718 705 8796   | PIN: 137627 |

Financial information for the nine months ended September 30, 2022 (press release, presentation) may also be viewed at [www.michelin.com/en](http://www.michelin.com/en), along with practical information concerning the conference call.

#### INVESTOR CALENDAR

- **2022 Annual results:** February 13, 2023
- **Quarterly information for the three months ending March 31, 2023:** April 26, 2023
- **Michelin in Motion 2030 strategy progress report (digital event):**  
First-half 2023 (date to be specified)

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