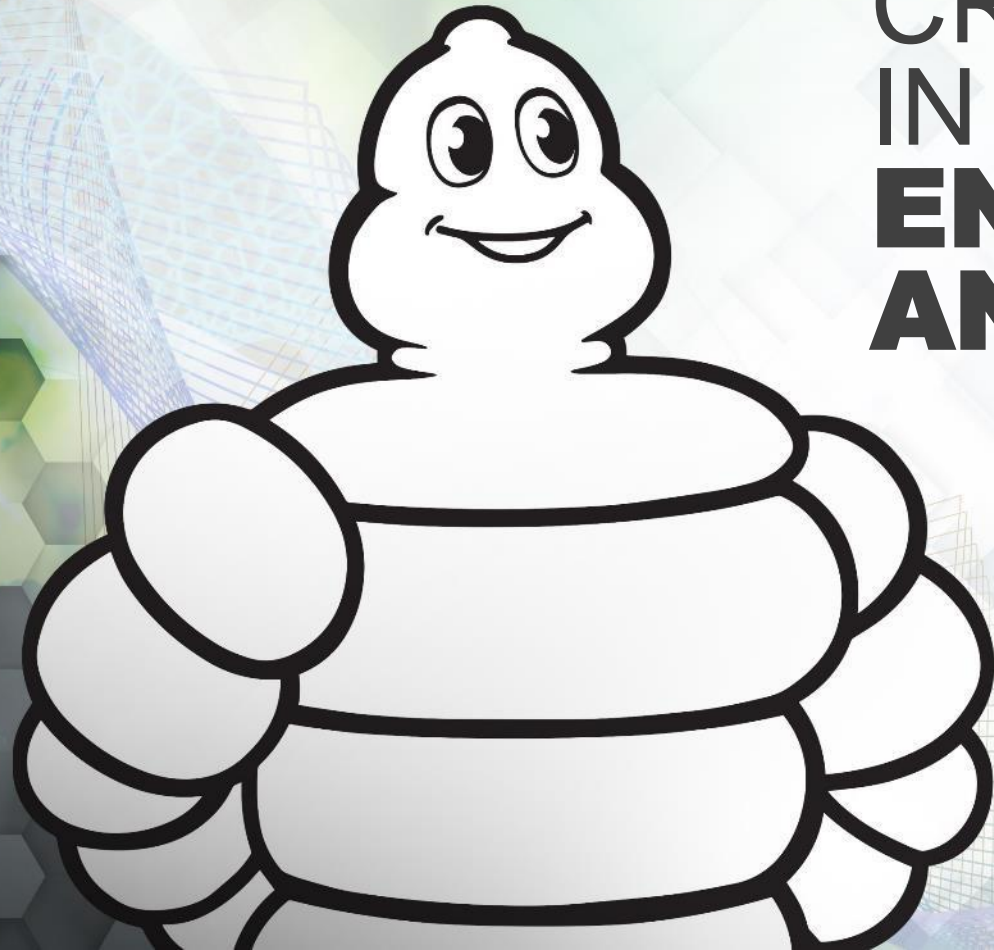


MICHELIN TO ACQUIRE FLEX COMPOSITE GROUP  
FROM IDI

CREATE A LEADER  
IN HIGH-TECH  
**ENGINEERED FABRICS  
AND FILMS**

June 19, 2023



# TRANSACTION OVERVIEW

## FLEX COMPOSITE GROUP AT A GLANCE

A European leader in high-tech Engineered Fabrics & Films  
EUR 202 million revenue in 2022, +11% organic revenue CAGR 2015-2022  
[25-30%] EBITDA margin

## TRANSACTION METRICS

EUR 700 million Enterprise Value  
EUR 21 million annual run-rate EBIT synergies by year 5  
9.0x EV / EBITDA multiple post synergies

## ACCRETIVE MOVE

Michelin's High-Tech Materials revenues up by c.20%, in line with 2030 ambition  
Enhanced growth profile, EBIT-margin and EPS accretive from year 1  
Positive cash generation

## FINANCING

100% available cash  
Limited impact on Group leverage: 29% Gearing post-transaction vs 25% today

## NEXT STEPS

Closing expected by end of Q3 2023, subject to closing adjustments and merger control clearances in relevant jurisdictions

# FLEX COMPOSITE GROUP – FCG, A EUROPEAN LEADER IN ENGINEERED FABRICS & FILMS

## FCG key figures

**€ 202m**

revenue in 2022

**11%**

organic revenue  
CAGR 15-22A

**[25-30%]**

EBITDA margin

**400**

employees, including  
c.10% dedicated to R&D

## 3 products categories

Resin impregnated  
fabrics



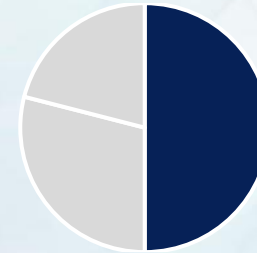
Flexible coated  
fabrics



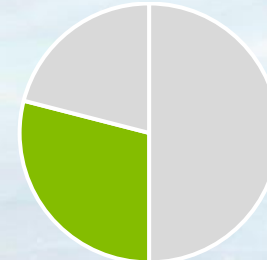
Technical films &  
membranes



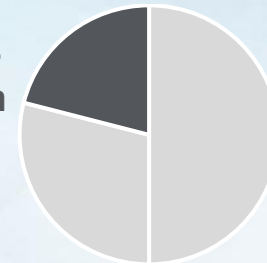
## 2022 revenue split



**50%**  
€101m



**29%**  
€59m







**21%**  
€42m

## 6 plants in Europe



# STRONG GROWTH PROSPECTS THROUGH MULTIPLE DYNAMIC END-MARKETS

Main end-markets	Activities	Market Growth <sup>(1)</sup> 2022-27E	Fundamental growth drivers
 <b>Marine</b> (leisure & pro)	<b>Flexible coated fabrics</b> <b>Resin impregnated fabrics</b>	<b>High-single digit</b>	<ul style="list-style-type: none"> <li>● Continued growth of recreational boats and penetration gains for RIBs<sup>(2)</sup></li> <li>● Increasing carbon composites demand within top class yachts and sailboats design</li> </ul>
 <b>Sports cars, Supercars &amp; Electric cars</b>	<b>Resin impregnated fabrics</b>	<b>Double digit</b>	<ul style="list-style-type: none"> <li>● Electrification transition in the automotive sector</li> <li>● Dynamism of sports cars and supercars segments</li> </ul>
 <b>Technical Apparel</b>	<b>Technical films &amp; membranes</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>● Increasing technical requirements, new customer behaviours post covid and development of extreme sports</li> </ul>
 <b>Construction</b>	<b>Resin impregnated fabrics</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>● Increasing composite materials penetration in infrastructure construction and renovation to comply with tightening green regulation in the EU</li> </ul>

(1) Global end-market volume CAGR (third party consulting firm estimate)

(2) Rigid Inflatable Boats

# UNLOCKING DEEP-INNOVATION SYNERGIES IN ENGINEERED FABRICS & FILMS

## DEEP-INNOVATION CAPABILITIES



Unrivaled innovation ability, from fundamental research to solutions development



Extensive **worldwide** manufacturing expertise



Unique know-how in **performance simulations**



Clear roadmap towards **100% sustainable materials** (2050) with dedicated R&D programs

## MICHELIN'S HIGH-TECH MATERIALS ACTIVITIES

SEALING TECHNOLOGIES

BELTING SOLUTIONS

**ENGINEERED FABRICS & FILMS**

ENGINEERED POLYMERS



Complementary know-how

RESIN IMPREGNATED FABRICS



**FCG**  
FLEX COMPOSITE GROUP



FLEXIBLE COATED FABRICS



**FCG**  
FLEX COMPOSITE GROUP



TECHNICAL FILMS & MEMBRANES



**FCG**  
FLEX COMPOSITE GROUP



# RUN-RATE EBIT SYNERGIES OF €21 MILLION UNLOCKED BY YEAR 5, DRIVEN BY PRODUCT MIX ENRICHMENT AND GEOGRAPHIC EXPANSION

## REVENUE SYNERGIES

Deep-innovation in materials and processes, leading to increased performance and more sustainable products

Leverage Michelin's footprint to grow in North America

Leverage Michelin's market access in Defense, Aeronautics and high-end Automotive sectors

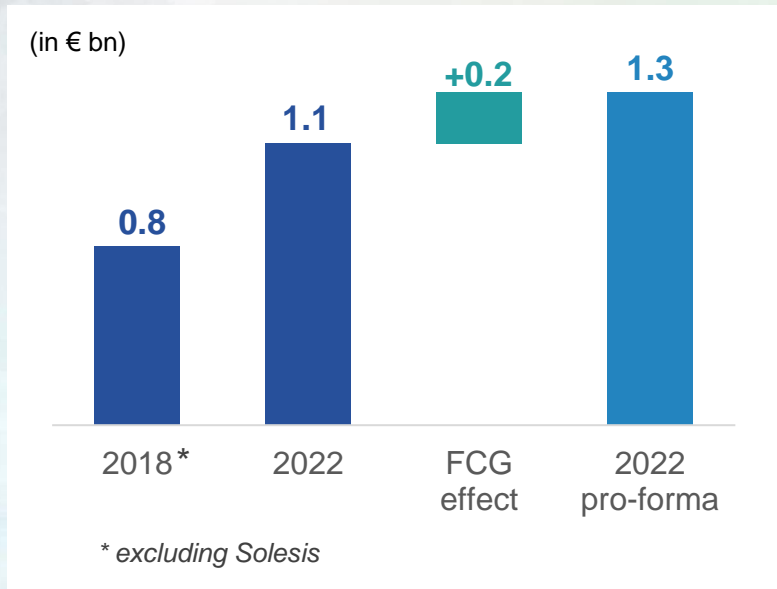
Cross-selling opportunities from product complementary

## COST SYNERGIES

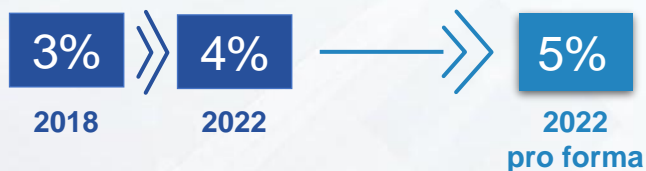
Economies of scale in purchasing mostly raw materials

# CREATE A LEADER IN ENGINEERED FABRICS & FILMS, WITH SUPERIOR FINANCIAL PROFILE

## MICHELIN'S HIGH-TECH MATERIALS REVENUES UP BY c.20%

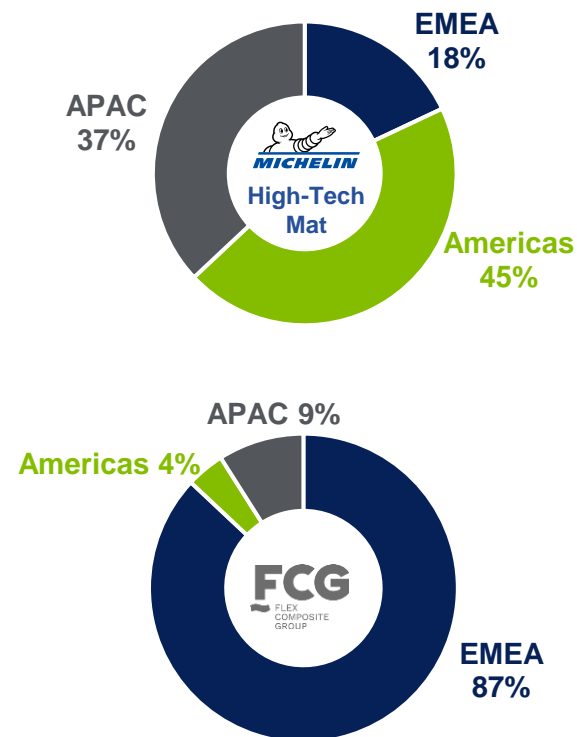


## HIGH-TECH MATERIALS % OF GROUP REVENUES



## OPPORTUNITY TO EXPAND FCG IN NORTH AMERICA

(2022 revenue by geography)



## SUPERIOR FINANCIAL PROFILE

Run-rate EBIT synergies of €21m reached by year 5

High single digit revenue growth prospects

EBIT-margin accretive at Group level and for the Specialty segment

Positive cash conversion from lower capital intensity

EPS accretive from year 1



# ENHANCED PEOPLE, PROFIT AND PLANET PERFORMANCE AT THE HEART OF FUTURE SUCCESS

## PEOPLE



Access to **more career opportunities**

A leadership model that puts people, **teams and empowerment at the centre of our mindset** and behaviours

**Enhanced skills management**

Strong **people ambitions**:

- be world-class in employee engagement, with **engagement rate > 85%**
- be world-class in employee safety, with **TCIR < 0.5**

## PROFIT



**Increase High-Tech Materials revenue by c.20%**, with high single digit organic growth prospects

**EBIT-margin accretive** acquisition for Specialty segment

**Positive cash conversion** from lower capital intensity

**EPS accretive from year 1**

**Group financial position remains strong** post acquisition: 2022 pro-forma gearing at 29%

## PLANET



**Accelerating R&D** related to the next generation of materials

**Increase bio-sourced and recycled materials** rate in resins, glues and reinforcements

Comprehensive approach to **reduce VOC emissions and solvent usage in coating processes**



## KEY TAKEAWAYS

**High-Tech Materials revenue up c.20%, creating a leader in high-tech Engineered Fabrics & Films**

**Important step to develop Michelin beyond mobility, in line with 2030 ambition to position the Group as a key player in polymer composite solutions**

**Unlocking deep-innovation synergies in a broad range of products and applications**

**Enhancing growth profile, EBIT-margin accretive for Group and Specialty segment, positive cash generation and EPS impact**

**Michelin's strong financial position maintained, delivering long-term value for all stakeholders**

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**Guillaume JULLIENNE**

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**Pierre HASSAÏRI**

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**Flavien HUET**

BUSINESS CENTER PARIS TROCADERO  
112 avenue Kléber  
75116 Paris – France

---

23 place des Carmes Dechaux  
63040 Clermont-Ferrand - France

[investor-relations@michelin.com](mailto:investor-relations@michelin.com)

