MICHELIN PRE-CLOSE CALL – H1 2026 | Script

PCC date & time: July 2, 2026, 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 H1 2026 sales and profit information on July 27, 2026. This script does not provide any new information or commentary on current trading.]

[Introductory remarks]

Good afternoon and thank you for joining this pre-close call.

Before we get into the various topics, let me share some important information with you:

First, a few technical and compliance notes:

- This call is for sell-side analysts only, so if you are not a sell-side analyst, please disconnect now.
- As usual, this call will be recorded, and the transcript will be published on our website shortly.
- There will be no Q&A at the end of the call. Should you need further clarification, you may contact us before the quiet period begins, so until tomorrow night.

Second, regarding the scope of today's call:

- As you are aware, this pre-close call intends to be a summary of public information previously provided by the company, or otherwise available in the market. At this stage we do not have any financial reporting yet. Therefore, we will not disclose H1 revenue or profit evolution, this will be covered in a comprehensive way during our H1 release and webcast, on July 27.
- In a similar way, the 2026 guidance will not be commented today.

[H1 markets]

Now switching to the business environment, let's start with our view on tire markets developments over the past semester. As of today, markets have been following a similar trend since the beginning of the year: negative at Original Equipment (OE) and close to flat at Replacement (RT), with strong regional specificities.

- ⇨ In the **Consumer** segment (Passenger Car, Light Truck and 2 wheel), we expect the **global OE market** to be negative over the semester, coming from -3% at the end of May. Biggest drop comes from China where domestic demand has slowed down materially due to less attractive incentives for new vehicle purchases. Europe and North America are also down, in an uncertain context.
  In **Replacement**, the global sell-in market is expected flattish in H1. Demand was strong in China, lifted by the replacement effect of the many new vehicles delivered in recent years, in a favorable macroeconomic context. The US faced a reverse trend and declined, reflecting the gradual reduction of the inventory surplus of Asian tires that built up in 2025. Europe should end up close to stable YoY, including lower imports of Asian tires due to high inventories and expected incoming Anti-Dumping Duties on "made in China" tires. By the way on this topic, our current understanding is that the European authorities reached a decision in June and are expected to announce it officially mid-July, with implementation scheduled to begin immediately thereafter.

- ⇨ Turning now to tire markets in the **Transportation** segment, as usual we refer to the global truck tire market excluding China. **At OE**, the market will be negative over the semester, coming from -3% at the end of May. Europe should post growth on low comps, and Americas are still in the depressed part of the cycle. In North America, orders for new trucks have been rising for 6 months now, but the stock of

new trucks remains high and truck production is not up yet. In South America, the Brazilian market remains severely hampered by a difficult economic situation that is limiting investment by carriers and increasing competition of Asian truck makers.
On the **Replacement** market, sell-in demand should confirm black figures, with May YTD at +3%. This is supported by Europe and South America, and also reflects an increase in imported tires. In North America, sell-in demand drops significantly (down 15% by end of May), due to lower tire imports and weak freight activity, despite some recent signs of improvement.

⇨ In the **Specialty** segment (Beyond Road, Mining and Aircraft), Beyond-Road markets are expected to show a mixed picture: in Agriculture, **OE** is getting better in Europe but still down in North America, while it is the reverse at **Replacement**. Infrastructure markets are overall slightly positive, Material handling should be negative. Mining demand has remained supportive in most regions. Aircraft markets have started to be impacted by the Middle East conflict, with passenger traffic down YoY in April and May.

Regarding **Polymer Composite Solutions (PCS)**, just as a reminder, as the development of our product categories is spread across **numerous market verticals**, commenting on markets as such would not be meaningful. We will comment on this business in the Revenue section of this call.

[H1 revenue]

So, let us turn to Group Revenue in H1:

As regards **Volumes for Tires,** we should land close to our initial shared assumptions: sequential improvement quarter on quarter, with Q2 broadly stable and leading to a slightly negative H1.

⇨ In the **Consumer** segment, volumes are expected close to flat or slightly negative over the quarter. **OE** remains the key drag, due to negative market conditions and unfavorable vehicle mix. **Replacement** volumes should post some growth, with MICHELIN-branded sales offsetting continued pressure on tier 2 & tier 3 brands from highly stocked cheap imported tires.

⇨ In the **Transportation** segment, the volume trend is gradually improving, and Q2 might turn flat or positive. Main headwind remains **OE** in the Americas, but **Replacement** should be positive, with Europe expected to post growth in Q2.

⇨ In the **Specialty** segment, volumes are expected to be negative over Q2. Mining remains well oriented, on the other side Beyond-Road activities are penalized by **OE** markets, especially Agriculture in North America, and Aircraft has seen its activity slowing down over Q2 due to the impact of the Middle East conflict.

The **Price-mix** contribution is expected to be positive of course, albeit softer than in 2025, in the wake of Q1, with price mostly driven by the continued negative effect of indexation clauses, and mix positive in most dimensions (product, markets, brands and activities).

Let me switch to our **Polymer Composite Solutions** businesses. There, we expect H1 revenue to come close to 2025 across the business portfolio, with Sealing and Coated fabrics well oriented, whereas Conveyors are facing a difficult business context.

Now, a word about the **Scope** effect at Group level: with the latest **PCS** acquisitions (Cooley Group, integrated from February, and Flexitallic, integrated from April), the scope will increase in Q2 vs Q1, as these newcomers more than offset the carve-out impact of compact line activities in Construction. As regards TexTech acquisition, the deal was successfully closed yesterday.

Finally, **Forex** effect should post a slight negative in Q2. H1 will remain negative. Main driver remains USD, which was slightly stronger to the EUR than expected, around 1.16 in Q2 and 1.17 in H1 (vs 1.18 expected).

[H1 SOI]

As it comes to **H1 profitability**, we confirm the following patterns to help connect Revenue to the SOI:

- a traditional volume drop-through, at around 50%
- a positive raw mat effect thanks to low purchasing price in H2-25 and until February 26
- manufacturing and logistics impacted negatively by inflators but positively by internal performance (including benefits from recent restructuring)
- SG&A close to 2025 level, with productivity offsetting inflation
- a forex drop-through typically around 25-30%

In terms of P&L seasonality along 2026, we stick to the main messages that we already provided and which are overall well reflected in the consensus, meaning better revenue in H2 vs H1 but an operating margin ratio slightly lower, mostly due to the raw mat effect that is expected to be negative over the second semester.

[H1 FCF]

Coming to **Free Cash Flow before M&A**, you are aware that our usual cash generation pattern is limited in H1, with most of cash being generated in H2. Within this pattern, we expect H1 to contribute positively, thanks to disciplined steering of operations and capex, and the softer-than-expected forex headwind discussed above.

[Middle East conflict]

A word now to update you on the impact of the Middle East situation on the Group.

On the supply aspect, we were able to manage operations properly over the quarter, and we do not foresee any shortage risk in the short-term.

On the cost aspect, the assumptions we provided during Q1 release held pretty well over the course of Q2.

That being said, the situation is still volatile and we remain careful. We will elaborate more on this during H1 release.

[Other H1 news]

Last, before we conclude this call, let me share with you some news communicated during Q2:

- You may have heard or read about Michelin's Media days organized in Almeria, Spain, where the Group showcased Specialty tires, their extreme use cases and critical challenges where Michelin excels.
- In terms of advanced innovation, the Group communicated on the Michelin tire digital twin. With this offering, Michelin is bringing a new dimension to the role of tire manufacturer: it goes beyond connected tires, it means tire intelligence and physics into the vehicle.

- On Innovation again, as many of you enjoy car racing and dream about Endurance, at 24 Hours Le Mans race you could not miss the brand-new Michelin Pilot Sport Endurance tires, which were fitted on all Hypercars: these tires are actually made of 50% recycled and renewable materials, a fantastic breakthrough demonstrating that it is possible to combine extreme performance and impressive sustainability.
- Finally, as regards industrial or SG&A initiatives, you saw that the Group announced on June 25 the gradual ramp-down of Tuscaloosa factory in the USA over 2027 & 2028 which employs 1,200 people, with a provision to be booked in 2026 of around 220m€. This communication came a few weeks after the announcement of a project aimed at adapting its employee base in France on a voluntary basis, which could impact up to 1,500 positions over three years primarily in the tertiary functions.

[Conclusion]

We are now reaching the end of our call.

Thank you very much for attending, and we look forward to talking to you on July 27th for the release of our H1 results.

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