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MICHELIN PRE-CLOSE CALL – FY 2025 | Script

PCC date & time: January 12, 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 FY 2025 sales and profit information on February 11, 2026. This script does not provide any new information or commentary on current trading.]

[Introductory remarks]

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

Before diving into the different topics, please let me share some important information:

1- First, some technicalities & compliance items:

- This call is for sell-side analysts only, so if you are not a sell-side analyst, please disconnect from the call.
- As usual, this call will be recorded, and the transcript will be published on our website tonight.
- 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 this Wednesday end-of-day.

2- Second, as to 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 2025 revenue or profit evolution, this will be covered in a comprehensive way during our 2025 full-year release, on February 11.
- In a similar way, the 2026 guidance will not be discussed today: it will be detailed on February 11.

[Q4 markets]

Now switching to the business environment, let's start with our view on markets developments over the 2025 fourth quarter:

- ⇒ In **SR1** (Passenger Car, Light Truck and 2 wheel), we expect the global OE market to be flat or slightly negative in Q4: growth in China should slow significantly due to higher comparables since its government began implementing public subsidies in the second half of 2024. In Europe and North America, the OE market remains on a downward trend amid an uncertain macroeconomic environment.
Similarly, the Replacement (RT) sell-in market is expected flat or slightly negative in Q4. Growth in China is offset by a decline in Europe, which faces a softer Winter demand than in Q3 and a high uncertainty around expected anti-dumping duties on PC tires from China. On this specific issue, the European Commission recently announced that it needed more time to investigate the matter and would not be implementing any provisional measures for the time being, with a deadline set around May 2026.
- ⇒ In **SR2** (Trucks & Connected fleet services), the OE global market excluding China should remain negative over the quarter, with contrasting trends between the 2 main regions: in Europe, the rebound observed in Q3 has continued, but on a lower basis. In North America, the tire market will remain in double-digit decline, following the collapse in Class-8 truck production amid economic uncertainty



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and an oversupply of new vehicles. The recent uptick in December, in Class-8 preliminary order book, still needs to be confirmed over time and reach the truck OEMs production schedule.

In RT, sell-in markets should be flattish. In North America the market is expected to be negative as freight activity remains weak. In South America, the RT market is posting growth, but this is mostly mechanical compensation for the decline in the OE market.

- ⇒ In **SR3** (Specialty tires and Polymer Composite Solutions (PCS)), Beyond-Road markets are expected to remain negative overall but sequentially getting better, especially in Europe, with OE posting less negative variation in Agricultural and even growing in Q4 in Infrastructure. The Mining and Aircraft activities should remain well-oriented, although probably not at the Q3 level that was particularly high. Polymer Composite Solutions destination markets were overall stable, balancing each other: investments in conveyors remain relatively low in this period of uncertainty, while industrial belting is supported by an acceleration in aeronautics demand and a good rebound in power generation. The outlook is also good in the coated fabrics sector.
- ⇒ As regards tariffs in the US (and retaliatory tariffs from other countries), situation has improved slightly versus October, mainly thanks to Canada dropping its tariffs against US imports, thus reducing the full-year impact by around €50m.
- ⇒ A word about inventory level in Distribution: our assessment is that it stands at a correct level in Group brands, but it remains high in tires imported earlier in the year, both in Europe and in North America.
- ⇒ Looking ahead at total 2026 tire sell-in markets, we expect OE markets with limited change on a full-year basis, and RT markets posting low single-digit growth across business segments.

[Q4 sales]

Turning to Group Sales now: in this context, **Q4 volumes for Tires** will remain negative YoY, around middle of the range provided in October.

In SR1, we expect a relative stabilization of the volumes vs Q4 2024. OE should remain negative with a positive contribution of China, and Europe and North America remain penalized by the decreasing markets. RT should be positive, and we confirm the main expected business developments discussed in October: in North America, the transition impact of our new wholesale approach (stopping business with ATD) is now behind us, and we have successfully adjusted our competitive positioning where necessary. In China, we keep posting significant sales growth. On the flip side, our tier-2 sales are penalized by the intensified competition from massively imported tires, on both sides of the Atlantic.

As regards SR2, sales will still show a significant volume drop in Q4, strongly penalized by OE, mainly from North America. In RT, the weak level of freight activity in North America is expected to weigh on Group sales.

In SR3, Q4 sales volumes are expected to stabilize year-on-year, including Beyond Road benefiting from more supportive markets and operational performance. Mining and Aircraft should continue to post some volume growth.

Looking ahead at total 2026 tire volumes, based on market assumptions and our commercial strategy, we expect to come back to black figures.

Regarding **Price-mix**, the positive contribution should be close to 2025 Q3 reference:



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- ⇒ Price effect should remain positive with a limited impact of indexation clauses, like in Q3 and as expected.
- ⇒ Mix effect could improve slightly vs Q3: geo-mix favorable thanks to dynamic Chinese sales and less depressed volumes in North America. Product mix remains positive, with positive customer reaction to dynamic product plan across segments.

Non-tire effect should be in line with Q3 and with expectations, posting soft growth.

Scope effect should be neutral, as there was no material acquisition or disposal impacting Q4.

Finally, **forex** effect is expected to be negative over the quarter, around mid-single digit, reflecting a Euro/Dollar of around 1.16.

[H2 SOI]

As it comes to profitability over H2, most levers illustrated in October developed as shared:

- Raw materials cost are expected slightly positive in H2, reflecting the decrease in spot prices observed a few months ago.
- Industrial performance was about stable YoY, penalized by the low loading rate but better than in H1 thanks to lower inflators and to the benefits from restructuring.
- SG&A improved vs H2 2024.

[H2 FCF]

Regarding FCF, in October we confirmed the solidity of the Group, as we were able to maintain the overall level of expected cash despite a reduced SOI level.

On top of Capex discipline and SG&A steering, the efforts made to improve the working capital requirement are paying off.

All in all, we expect to confirm the Group's structural ability to deliver a dynamic FCF generation, as demonstrated in previous years.

[Focus on TSR]

Regarding capital allocation, I would like to remind you of some important events of 2025:

- Consistent with its dividend policy, the Group distributed close to €1bn in dividends during H1, which means a 2024 payout ratio of 52%.
- The Group also implemented 2 share-buyback programs in H2 2025, for a total amount of about €665m. This resulted in the cancellation of 3.23 % of the total shares outstanding at the end of December.
- This is consistent with the Group's capital allocation policy, where cash generated and a strong balance sheet provide us with enough flexibility to both deploy our strategy including M&A and deliver attractive return to shareholders.

[M&A news]

This leads us to the recent M&A announcements disclosed on the 2nd of January, which perfectly match the Group's strategy to leverage its unique R&D skills into adjacent, non-tire, mission-critical applications.



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As you know, the Group announced its intention to accelerate its growth in its PCS business, with the acquisition of 2 US-based companies that are market leaders in their sectors.

The first one, Cooley Group, designs and manufactures innovative and sustainable polymeric solutions for a wide range of applications including healthcare devices, waterproofing, water and chemical containment, and other custom mission-critical environmental solutions.

The second one, Tex-Tech Industries, is a premier designer and manufacturer of specialty textiles, fabrics and coatings for a wide range of industries and niche applications such as space vehicles, fuselage burn-resistant aircraft materials, seat fire-blocking textiles, and custom fabrics for composite applications.

These two companies represent strong strategic fits with the Group, as both share the same commitment to innovation and high-quality products, while operating in complementary geographies. Their acquisition would increase PCS revenue by c.20% (~280 million USD) on a full-year basis. The closing of these deals is expected in the coming months.

You will find on our website a presentation slide summarizing the sales profiles of these 2 companies.

And finally, as PCS are gradually reaching a material size in our business, we intend to create a dedicated reporting segment from 2026 onwards. In concrete terms, it means that we plan to give you a first overview of what this reporting segment would look like during the FY release, showing 2025 in a pro-forma way, then we should start to officially report with the 4 reporting segments from Q1-26 onwards.

[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 February 11th for the release of our FY results.

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