# Compagnie Générale des Etablissements Michelin SCA (Michelin) France, Automotive Supplier

A STABLE

## Key metrics

| | | | Scope estimates | |
|---|---|---|---|---|
| **Scope credit ratios** | **2022** | **2023** | **2024E** | **2025E** |
| Scope-adjusted EBITDA/interest cover | 12.8x | 16.3x | 19.6x | 20.2x |
| Scope-adjusted debt/EBITDA | 1.1x | 0.9x | 1.0x | 1.0x |
| Scope-adjusted funds from operations/debt | 68% | 88% | 83% | 81% |
| Scope-adjusted free operating cash flow/debt | -9% | 55% | 26% | 26% |

## Rating rationale

The issuer rating reflects Michelin's strong business risk profile (assessed at A-) as a leading global premium tyre manufacturer with a high share of replacement business (less volatile than OEMs business), coupled with strong geographical diversification, a good product range, global brand recognition and solid know-how in the development of innovative products, enabling relatively stable EBITDA margins in the 17%-20% range over time. The issuer rating is supported by an even stronger financial risk profile (assessed at A+), characterised by generally low leverage with Scope-adjusted debt/EBITDA of around 1.0x.

## Outlook and rating-change drivers

The Stable Outlook reflects our expectation that Michelin will maintain its Scope-adjusted debt/EBITDA ratio at or just below 1.0x in the absence of a significant acquisition.

The upside scenario for the ratings and Outlooks is:

- Scope-adjusted debt/EBITDA improving to well below 1.0x on a sustained basis. This could happen if deleveraging exceeds our expectations, e.g. if management focuses more on deleveraging than on acquisitions, dividends and share buybacks.

The downside scenario for the ratings and Outlooks is:

- Scope-adjusted debt/EBITDA deteriorating to above 2.0x on a sustained basis. This could happen in the case of sizeable debt-financed acquisitions and/or a deterioration in trading conditions beyond our 2024-26 forecasts.

## Rating history

| Date | Rating action/monitoring review | Issuer rating & Outlook |
|---|---|---|
| 12 July 2024 | Affirmation and conversion into public rating | A/Stable |

[1] The credit rating(s) and outlook(s) provided in this document may not be shared with any unauthorised third party.

### Ratings & Outlook

| | |
|---|---|
| Issuer | A/Stable |
| Short-term debt | S-1 |
| Senior unsecured debt | A |


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### Related Methodologies

General Corporate Rating Methodology; October 2023

European Automotive Supplier Rating Methodology; February 2024


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## Rating and rating-change drivers

| Positive rating drivers | Negative rating drivers |
|---|---|
| • High share of recurring, more profitable, and less volatile business in replacement tyres (about 75% of sales), mitigating cyclicality of automotive sector<br>• Strong credit metrics, with leverage (Scope-adjusted debt/EBITDA) in the 0.7x-1.5x range over the last few years<br>• Strong global brand supports pricing premium of at least 5%-10% versus competition<br>• Solid know-how in developing innovative products with higher level of R&D investment compared to peers<br>• Low risk for substantial earnings (EBITDA) variation given the high share of aftermarket business; EBITDA margins of 17%-20%<br>• Growing share of non-tyre business, supporting higher margins, recurring service-based revenues (Connected Solutions for vehicle fleets) and diversification to destination markets other than automotive (Polymer Composite Solutions)<br>• Well positioned to benefit from consumer trend towards high-performance tyres (premium and electric vehicles), given the company's technological know-how | • Saturated and competitive market, with more than 75 tyre manufacturers worldwide. Risk of increased competition from low-cost budget Asian tyre makers mitigated by Michelin's focus on premium segment.<br>• Exposure to sudden price changes for key raw materials, such as natural and synthetic rubber, chemicals and steel, yet mitigated by ability to raise prices<br>• Despite diversification into several specialty tyre markets, which limits overall risk, some of these (such as mining and agricultural tyres) are dependent on the price development of raw materials in their respective sectors.<br>• Increased shareholder remuneration in the past few years – including dividend payout ratio and share buybacks – signalling limited headroom for further deleveraging<br>• Moderate risk of sizeable acquisitions, despite track record of strong credit metrics |

| Positive rating-change drivers | Negative rating-change drivers |
|---|---|
| • Improvement of Scope-adjusted debt/EBITDA to well below 1.0x on a sustained basis | • Deterioration of credit metrics such as Scope-adjusted debt/EBITDA to significantly above 2.0x on a sustained basis. |

## Corporate profile

Michelin is a leading global tyre company, present in over 170 countries with almost 125 production facilities in 26 countries, and nine R&D centers. Originally founded for rubber equipment in the middle of the nineteenth century in Clermont-Ferrand (France), it became the world leader in the design, manufacturing, and commercialisation of tyres globally (approx. 15% market share on average over the last four years), introducing several major innovations (e.g. air tyres, radial tyres). The company also provides its customers with tyre-related services and solutions, mobility experiences and expertise in polymer composite solutions. Michelin operates through three main segments: Automotive and related distribution; Road transportation and related distribution; and Specialty businesses and related distribution. The Specialty businesses include mining, off-the-road, two-wheel and aircraft tyre activities, as well as conveyor belt and high-tech material activities. In 2023, Michelin reported revenues of EUR 28.4bn with 132,500 employees.

## Financial overview

| | | | | Scope estimates | | |
|---|---|---|---|---|---|---|
| **Scope credit ratios** | **2021** | **2022** | **2023** | **2024E** | **2025E** | **2026E** |
| Scope-adjusted EBITDA/interest cover | 17.6x | 12.8x | 16.3x | 19.6x | 20.2x | 21.1x |
| Scope-adjusted debt/EBITDA | 0.9x | 1.1x | 0.9x | 1.0x | 1.0x | 0.9x |
| Scope-adjusted funds from operations/debt | 89% | 68% | 88% | 83% | 81% | 84% |
| Scope-adjusted free operating cash flow/debt | 30% | -9% | 55% | 26% | 26% | 31% |
| **Scope-adjusted EBITDA in EUR m** | | | | | | |
| EBITDA | 4,589 | 4,965 | 4,660 | 5,114 | 5,371 | 5,621 |
| Recurring associate dividends | 13 | 18 | 20 | 20 | 20 | 20 |
| Other items (incl. one-offs) | 21 | 20 | 468 | 30 | 30 | 30 |
| **Scope-adjusted EBITDA** | **4,623** | **5,003** | **5,148** | **5,164** | **5,421** | **5,671** |
| **Funds from operations in EUR m** | | | | | | |
| Scope-adjusted EBITDA | 4,623 | 5,003 | 5,148 | 5,164 | 5,421 | 5,671 |
| less: Scope-adjusted interest | (263) | (392) | (316) | (264) | (269) | (269) |
| less: cash tax paid per cash flow statement | (562) | (697) | (776) | (770) | (832) | (897) |
| Other non-operating charges before FFO | (25) | (53) | (37) | - | - | - |
| **Funds from operations (FFO)** | **3,773** | **3,861** | **4,019** | **4,130** | **4,320** | **4,505** |
| **Free operating cash flow in EUR m** | | | | | | |
| Funds from operations | 3,773 | 3,861 | 4,019 | 4,130 | 4,320 | 4,505 |
| Change in working capital | (824) | (2,077) | 985 | (258) | (300) | (150) |
| Non-operating cash flow | - | - | - | - | - | - |
| less: capital expenditure (net) | (1,441) | (2,008) | (2,221) | (2,300) | (2,350) | (2,400) |
| less: lease amortisation | (244) | (268) | (279) | (279) | (279) | (279) |
| **Free operating cash flow (FOCF)** | **1,264** | **(492)** | **2,504** | **1,293** | **1,391** | **1,676** |
| **Net cash interest paid in EUR m** | | | | | | |
| Net cash interest per cash flow statement | 220 | 341 | 213 | 165 | 170 | 170 |
| add: interest expenses pensions | 41 | 47 | 94 | 94 | 94 | 94 |
| add: other capitalised interests | 2 | 4 | 9 | 5 | 5 | 5 |
| **Net cash interest paid** | **263** | **392** | **316** | **264** | **269** | **269** |
| **Scope-adjusted debt in EUR m** | | | | | | |
| Reported gross financial debt | 7,817 | 7,340 | 6,222 | 7,222 | 6,369 | 6,295 |
| less: subordinated (hybrid) debt | 0 | 0 | 0 | 0 | 0 | 0 |
| less: cash and cash equivalents | (4,917) | (2,869) | (2,800) | (3,405) | (2,196) | (2,071) |
| add: non-accessible cash | 103 | 215 | 159 | 159 | 159 | 159 |
| add: pension adjustment | 1,260 | 978 | 992 | 992 | 992 | 992 |
| **Scope-adjusted debt (SaD)** | **4,263** | **5,664** | **4,573** | **4,968** | **5,323** | **5,375** |

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## Environmental, social and governance (ESG) profile[2]

| Environment | | Social | | Governance | |
|---|---|---|---|---|---|
| Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency) | | Labour management | | Management and supervision (supervisory boards and key person risk) | |
| Efficiencies (e.g. in production) | | Health and safety (e.g. staff and customers) | | Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) | |
| Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables) | | Clients and supply chain (geographical/product diversification) | | Corporate structure (complexity) | |
| Physical risks (e.g. business/asset vulnerability, diversification) | | Regulatory and reputational risks | | Stakeholder management (shareholder payouts and respect for creditor interests) | |

**Legend**

Green leaf (ESG factor: credit positive)

Red leaf (ESG factor: credit negative)

Grey leaf (ESG factor: credit neutral)

### ESG relevant factors

Environmental, social and governance (ESG) considerations have no significant effect on Michelin's credit quality. Material ESG factors within the automotive supplier industry include the environmental impact of products (product innovation is key in this regard), resource management (such as the more efficient consumption of natural resources), product safety and social challenges in the supply chain.

### Product innovation as a positive factor

We consider innovation as a positive ESG factor that strengthens the competitive position of the issuer. Michelin possesses solid expertise in developing innovative products, which, along with its strong brand recognition and reputation, enables it to remain a leading player in the evolving premium tyre segment. In our view, the company is well positioned to benefit from megatrends such as electrification, connectivity, and greener products. This is due to its substantial investments in tyres for electric vehicles, which require specialised engineering, as well as in recycling technologies and connected mobility solutions. The company's main ESG targets include full product circularity by 2050 (40% intermediate target by 2030) and net zero emissions (Scope 1 and 2) by 2050.

[2] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

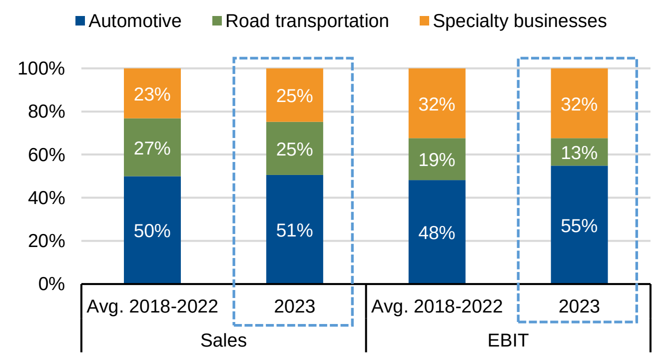
## Business risk profile: A-

Michelin's business risk profile reflects its leading position as a premium tyre manufacturer. Its market share in the global tyre market has been stable at around 14%-15% in recent years, and we do not expect it to deteriorate. The company has a large exposure to cyclical end-market industries, primarily automotive but mining, construction and aviation through its Specialty businesses. However, the exposure is counterbalanced by Michelin's significant share of sales in the replacement market, with a low dependence on original equipment sales, as well as an increasing share of the non-tyre business to 16% of sales. Michelin's global presence and wide product range of tyres contribute to its diversification. Additionally, Michelin benefits from stable profitability of around 17%-20% (EBITDA margin) in normal years, global brand recognition and solid know-how in the development of innovative products, which is especially relevant for the higher tier segments.

**Auto supplier industry risk mitigated by high share of less volatile replacement business**

Michelin's business risk profile is partially constrained by the industry risk profile for automotive suppliers, assessed at BB, based on high cyclicality, high entry barriers, and medium substitution risks. However, this industry risk is mitigated by the large portion of replacement business for around 75% of the tyres sold, a business which is less cyclical and driven by consumption (mileage driven) and the used vehicle market. Michelin is also exposed to: i) road transportation, which is closely linked to GDP, economic trends in manufacturing and public spending; and ii) specialty businesses, which has different drivers such as economic growth, but also commodity prices and construction.

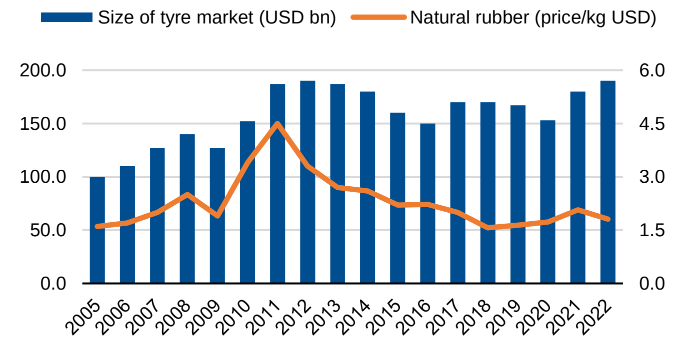
**Figure 1: Revenues and EBIT split by reporting segment ***




* Each reporting segment includes its related portion of distribution activities

Source: Michelin

**Figure 2: Global tyre market, natural rubber price**




Source: Tire Business, Michelin

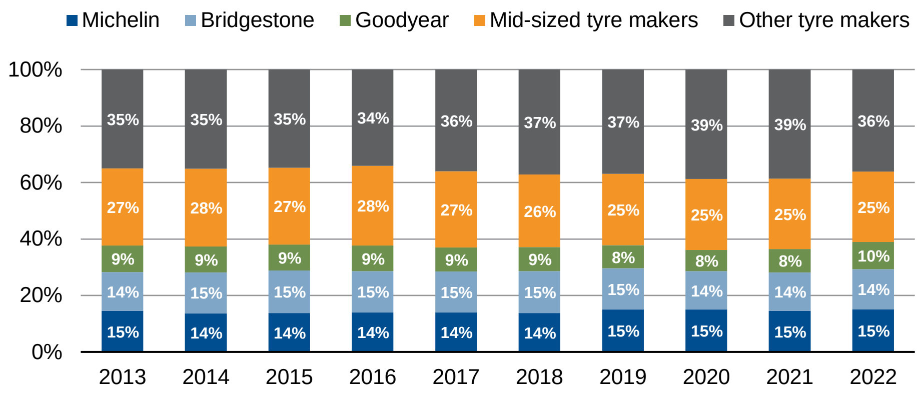
**Number one in global tyre market**

Revenues in the global tyre market are estimated at around USD 190bn (according to Tire Business) over the last few years. Revenues are significantly influenced by raw material prices, especially for rubber. The replacement market is about 75% of the overall market; the remaining 25% consists of original equipment. Over the last decade, Michelin has consistently held around 14%-15% of the fragmented global tyre market, which is partly dominated by the three biggest players and about 70 major manufacturers. For the last year available (2022), Michelin led the market with a 15.1% share, ahead of Japan's Bridgestone (14.2%) and America's Goodyear (9.6%). The top 10 have a combined market share of around 65%.

**Increasing focus on premium tyres**

Given the saturated and competitive market, the main risk comes from increasing competition from low-cost budget tyre makers from the Asia region. This is particularly threatening for low tier products. We take some comfort from Michelin's strategic decision to focus on premium segments rather than simply pursuing volumes, which should provide for satisfactory profitability on a sustained basis. In fact, the consumer trend toward premium vehicles and electric vehicles in the automotive market can provide sustained growth for premium tyres in the long term. We believe Michelin can take advantage of its technological know-how in the manufacture of high-performance tyres. We also see the company as well positioned in the growing market for electric vehicles. Electric vehicles are heavier than traditional internal combustion peers because of their battery. Moreover, the company has significantly increased its penetration into large rim (premium) tyres over time: the share of 18-inch and above tyres in the Michelin brand has grown from 25% in 2015 to just over 60% in 2023.

**Figure 3: Market shares in global tyre market**




Sources: Tire Business, Michelin

**Increasing share of non-tyre business positive for margins and diversification**

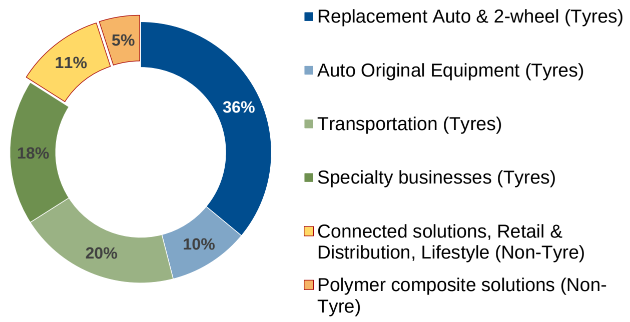
Non-tyre business represented 16% of group sales in 2023 and includes Connected Solutions (fleet management services); the Retail & Distribution Network (service-based revenues); Lifestyle (the Michelin guide, minimal contribution to profits); and Polymer Composite Solutions (high-tech materials). We view positively the strategic decision to grow the non-tyre business, which Michelin targeting to push it up to above 20% of Group sales by 2030. Although most of the non-tyre businesses represent a sort of vertical integration, they offer Michelin several advantages: i) in connected solution and distribution activities, the company can focus on service business with less cyclical and recurring revenue streams; ii) while within high tech materials, it can leverage its expertise in processing advanced polymer-based materials not only to increase marginality on the existing tyre business, but also to enter businesses with higher operating margins (e.g. medical applications, aerospace) as well as diversifying away from the cyclicality of the automotive industry core.

**Good geographical diversification**

Geographical diversification is good. Michelin operates globally with a strong and balanced presence in key markets. Its European and North American presence is stronger than in the rest of the world, though the latter is progressing, particularly in Asia. The distribution of Michelin's industrial capacity is roughly proportionate to the distribution of sales. Here, we see only limited changes on the horizon even after accounting for the recently announced restructuring of some production facilities in the US and Germany.

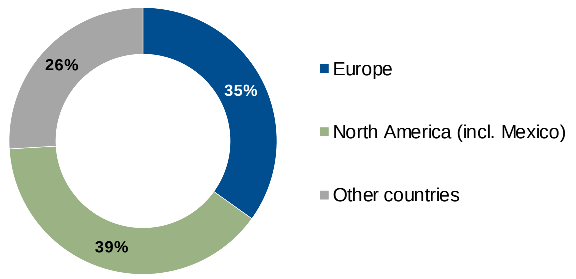
The group is almost entirely focused on tyres for around 85% of revenues, but it offers a wide product range and is well positioned in the premium segment. We estimate that the top 10 customers represent around 15% of revenues, which supports diversification.

**Figure 4: FY 2023 revenues by business (highlighting tyre vs. non-tyre activities)**




Source: Michelin (Capital Market Day 2024)

**Figure 5: FY 2023 revenues by region**

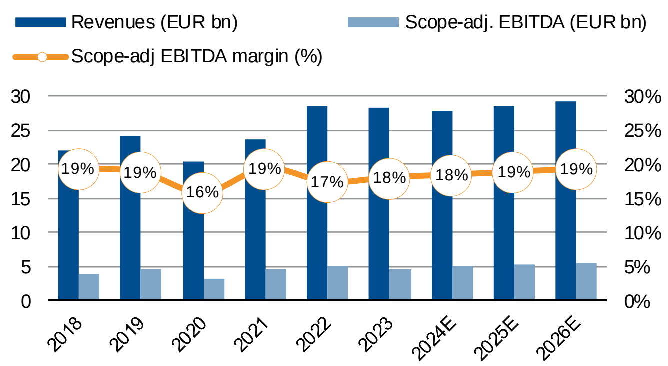



Source: Michelin

## Good and stable EBITDA margin over time

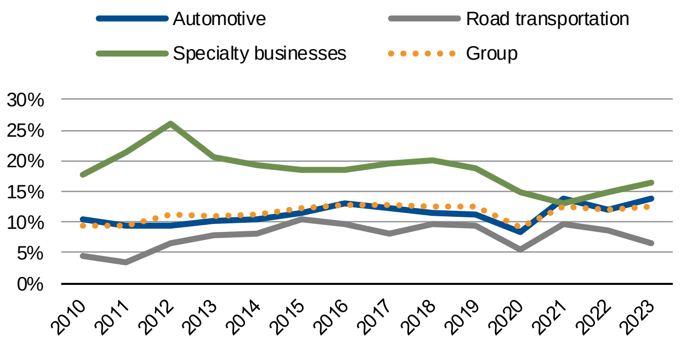
Margins have been stable, with the Scope-adjusted EBITDA margin generally between 17% and 20% over the last few years. Even in challenging environments, such as in 2020, which was characterised by a drop in automotive production and economic activity, Michelin's profitability only fell to just below 16%. This low volatility is due to the very high share of replacement sales. In 2021, Michelin's margin rebounded to above 19% as the Covid crisis faded away. In 2022, despite significant input cost inflation, particularly for raw materials and energy prices, Michelin contained margin erosion to around 200 bps by making significant price adjustments. In fact, Michelin's exposure to sudden price changes for key raw materials, such as natural and synthetic rubber, chemicals and steel, is generally mitigated by its ability to raise prices thanks to its strong global brand, supporting pricing premium of at least 5%-10% compared to the competition.

**Figure 6: Scope-adjusted EBITDA margin (%)**




Source: Michelin, Scope estimates

**Figure 7: Divisional reported EBIT margin (%)**




Sources: Michelin

## Significant restructuring in 2023

In 2023, Michelin announced the decision to wind down production in some of its manufacturing sites in the United States and Germany by the end of 2025. This resulted in unusually high related provisions of around EUR 0.6bn, limiting profitability in the short term. Nevertheless, Michelin still managed to post an improving Scope-adjusted EBITDA of EUR 5.1bn in 2023 (2022: EUR 5.0bn) with an EBITDA margin slightly above 18% (+70 bps YoY) thanks to easing raw material cost inflation and pricing initiatives. Despite a small low-single-digit revenue decline to close to EUR 28bn envisaged for 2024 (Q1 sales were down -4.6% YoY), which is partly a reflection of Michelin's selective approach, we expect the Scope-adjusted EBITDA margin to gradually improve to around 19% in the coming years. This should be achieved thanks to an improving product mix and the impact from restructuring initiatives, despite currently weak market demand for most products and a negative pricing effect from indexed businesses.

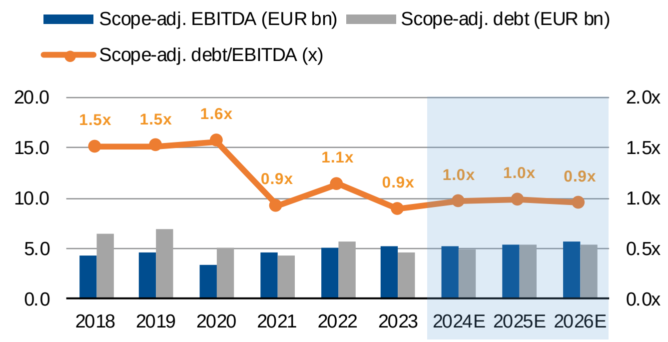
**Industry leader in technically advanced tyres**

Michelin leads the industry in terms of innovation and technological know-how. Innovation is particularly relevant for higher-end product categories or electric vehicles – where higher performance is more important (e.g. lower rolling resistance, high durability, greater load capacity). In contrast, lower tier tyres tend to be commodity products with limited risks of technological shifts. Michelin's R&D spending – generally referring to as design – is at around 3% of revenues, well above the industry average of 2%-2.5%. Nevertheless, this indicator is only a partial proxy for Michelin's innovation capabilities. The key to Michelin's continuous production of superior products is its upstream vertical integration and deep science of materials, including the sourcing of best raw materials, the way to assemble them into a tyre composite, and to mass-produce them at scale while maintaining the highest quality standards.

## Financial risk profile: A+

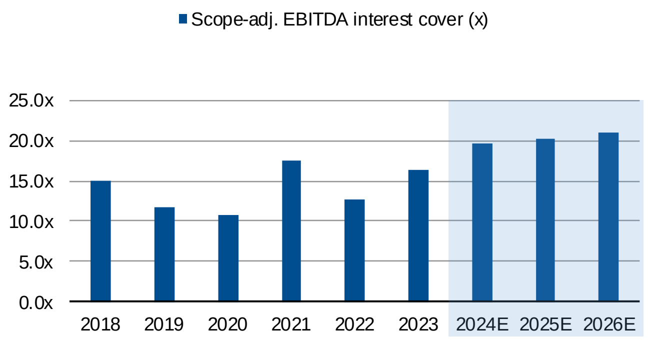
The financial risk profile reflects strong credit metrics. We expect Scope-adjusted debt/EBITDA to remain around 1.0x going forward, interest cover of around 20x and cash flow cover to converge towards 30% in the medium term.

**Figure 8: Scope-adjusted debt/EBITDA**




Sources: Michelin, Scope estimates

**Figure 9: EBITDA interest cover**




Sources: Michelin, Scope estimates

**Strong leverage expected to be maintained**

Over the past decade, leverage has oscillated between 0.7x-1.5x, keeping a strong average of around 1.0x. The notable increase in 2018 was triggered by the acquisitions of UK company Fenner and US company Camso (EUR 3.0bn invested), but Michelin has deleveraged since. Scope-adjusted debt/EBITDA improved moderately to 0.9x in 2023 from 1.1x in 2022, supported by a debt reduction of around EUR 1.1bn. This was mainly achieved due to working capital releases of around EUR 1.0bn, reflecting the partial reversal of the huge EUR 2.0bn increase recorded in 2022, while capex rose to EUR 2.2bn. In 2023, the group also spent more on acquisitions – around EUR 0.7bn net of disposals. The main deal was the acquisition of Flex Company Group (around EUR 200m in sales in 2022), a small specialist producer of engineered fabrics and films, to reinforce the high-tech material business. Thanks to improving profitability, credit metrics should therefore be stable going forward, with debt/EBITDA still expected to remain just below 1.0x.

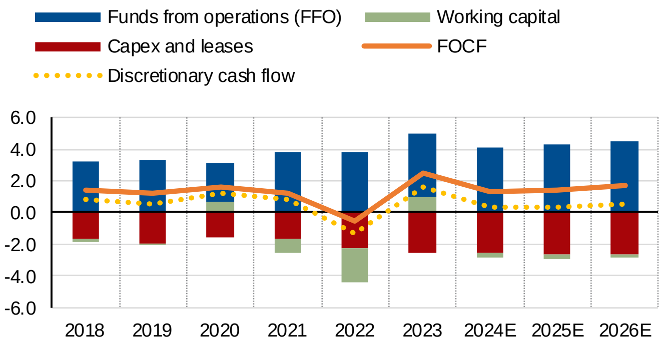
**EBITDA interest cover at around 20x**

Interest cover has been consistently very strong over time amid an interest cost structure mostly at fixed rates. Michelin will likely reduce interests by around EUR 60m in 2024 by changing the debt denomination currency into USD at its Mexican subsidiary. As a result, EBITDA interest cover should further improve to around 20x from above 16x in 2023. We project Scope-adjusted interests (also including pension and capitalised interests) between EUR 260-270m per year from close to EUR 320m in 2023, with a slight increase in the average rate from 2024 due to the lower coupon yield of the maturing bond.

**Scope-adjusted FOCF/debt towards 30%**

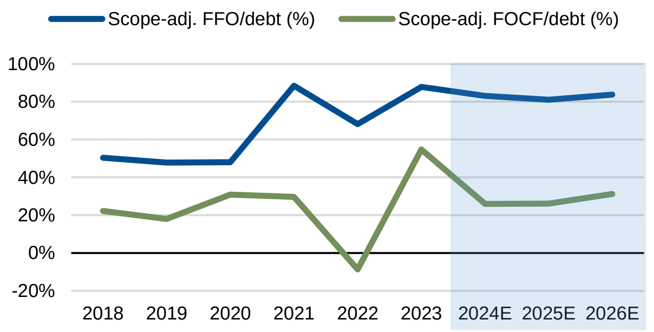
Cash flow cover has also been solid historically, with Scope-adjusted free operating cash flow (FOCF)/debt generally between 20% and 30%. The inflation-led exceptional working capital needs in 2022 led to negative cash flow for the first time, but this swing in working capital was partly reverted in 2023, propelling Scope-adjusted FOCF/debt to an unusually high level of over 50%. We expect Scope-adjusted FOCF/debt to average close to 30% amid a normalisation of net working capital needs. Capital expenditure will be maintained at a similar level of around 8% of revenues as in 2023, ranging between EUR 2.3bn to EUR 2.4bn per year.

**Figure 10: Cash flow sources and uses (EUR bn)**




Sources: Michelin, Scope estimates

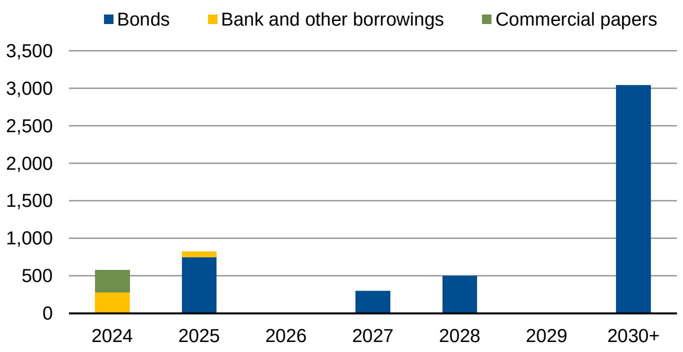
**Figure 11: FFO/debt, FOCF/debt**




Sources: Michelin, Scope estimates

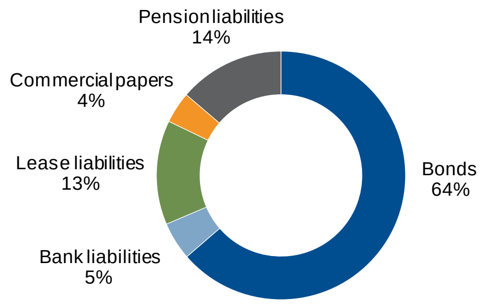
In February 2024, Michelin announced up to a EUR 1.0bn share buy-back programme for the 2024-2026 period (of which EUR 500m in progress for 2024), as there is no interest in further deleveraging. Our rating case assumes the absence of significant acquisitions, but rather bolt-on deals of up to EUR 350m per year, as well as dividends of EUR 0.9bn to EUR 1.1bn per year.

**Figure 12: Senior debt maturities (excluding leases) as of December 2023 (EUR m)**




Sources: Michelin

**Figure 13: Scope-adjusted debt split (December 2023)**




Sources: Michelin, Scope estimates

**Adequate liquidity**

Michelin's liquidity profile remains solid, as indicated by projected liquidity ratios consistently above 200% and a backloaded distribution of debt maturities over time. The EUR 1.0bn bonds issued in May 2024 can be seen as an early refinancing of the EUR 750m bond maturing in September 2025.

At the end of 2023, liquidity consisted of EUR 2.6bn in unrestricted cash and marketable securities equivalents (including EUR 0.3bn of cash management financial assets), which are alone sufficient to cover the group's EUR 0.6bn in short-term debt. As a further support, Michelin has EUR 2.5bn in undrawn committed lines (2% maturing in 2027, 98% maturing in 2028). The company is not subject to financial covenants.

Additionally, there are several short-term debt programmes in place totalling EUR 3.7bn (of which EUR 0.3bn has been used) as of December 2023, including EUR 2.5bn in French commercial papers, a EUR 700m USCP programme, and two EUR 390m receivable securitisation programmes.

| Balance in EUR m | 2024E | 2025E | 2026E |
|---|---|---|---|
| Unrestricted cash and marketable securities equivalents (t-1) | 2,641 | 3,246 | 2,037 |
| Open committed credit lines (t-1) | 2,500 | 2,500 | 2,500 |
| Free operating cash flow (t) | 1,293 | 1,391 | 1,676 |
| Short-term debt (t-1) | 575 | 1,428 | 649 |
| **Coverage** | **>200%** | **>200%** | **>200%** |

## Supplementary rating drivers (+/- 0 notches)

There is no adjustment for supplementary risk drivers.

**Financial policy: neutral**

We assess Michelin's financial policy as credit neutral. While Michelin does not officially commit to specific leverage targets or rating levels, it has managed to keep solid credit metrics consistently, even when M&A spending was high. We expect further acquisitions to be a strategic growth driver in both the tyre business (to complete geographic coverage in specific areas) and the non-tyre business (adjacent businesses, new technologies, end-market diversification), although we have only factored bolt-on deals into our forecasts. The risks of more sizeable acquisitions and hence higher leverage are material but mitigated – in our view – by management's discipline in keeping or quickly returning to strong credit metrics.

A new dividend policy announced in 2021 has increased the payout ratio from 35% to close to 50% of net income, which we still deem moderate.

**Parent support: neutral**

The rating is assigned to Compagnie Générale des Etablissements Michelin SCA, the ultimate parent of the group.

## Debt ratings

Compagnie Générale des Etablissements Michelin SCA (Michelin) is currently the sole entity issuing bonds and commercial paper within the group. Despite the absence of a formal explicit guarantee, we assume a strong implicit guarantee from Michelin for its main subsidiaries Compagnie Financière Michelin SAS (which owns the vast majority of the worldwide group affiliates) and Compagnie Financière Michelin Suisse SA (which carries out treasury activities for the group) based on name identity, full ownership and operational integration. Consequently, we align the long-term issuer ratings and short-term debt ratings of these subsidiaries with those of Michelin.

**Senior unsecured debt rating: A**

The senior unsecured debt rating is affirmed at A, the same level of the issuer rating.

**Short-term debt rating: S-1**

Michelin's short-term debt rating is affirmed at S-1. This rating is based on the underlying A/Stable issuer rating and reflects robust liquidity through internal and external sources, good standing in public and private debt markets and established banking relationships. Evidence for this comes in part from the group's broad mix of committed long-term credit lines from different banks.

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