



SEPTEMBER 25, 2020

# STOCKHOLM UBS



---

September 25, 2020

# Stockholm

---



**01**

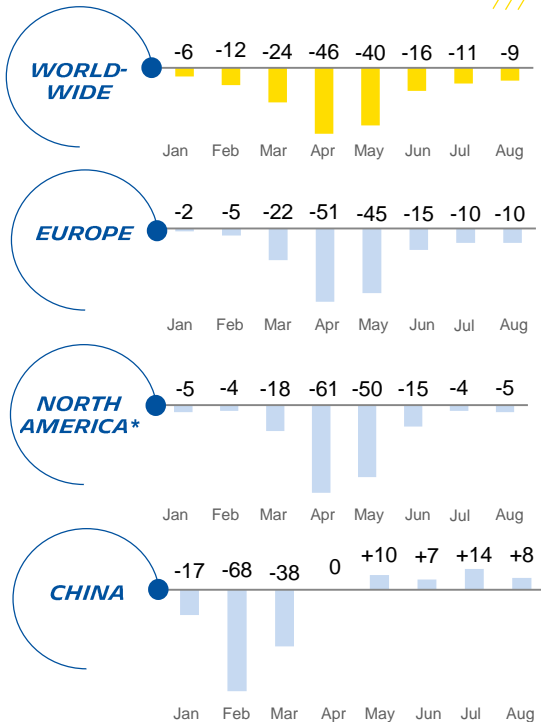
**2020 H1 results and  
August YTD market**

---

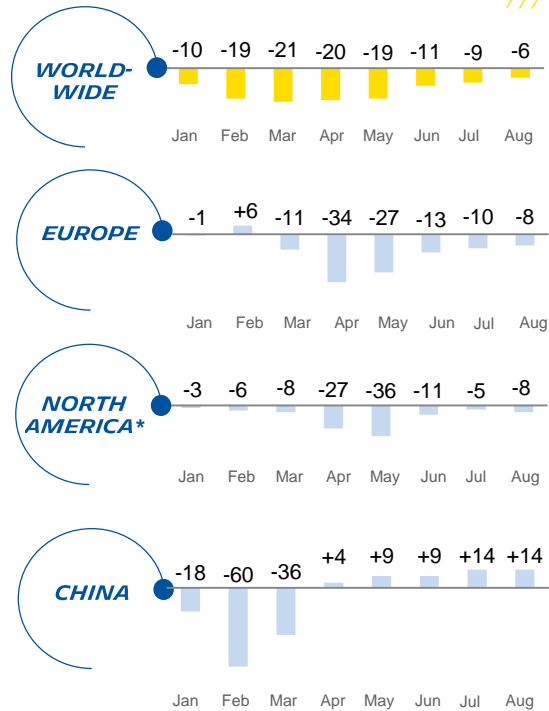
# August 2020 YTD: demand recovery in most of the markets, particularly strong in China.



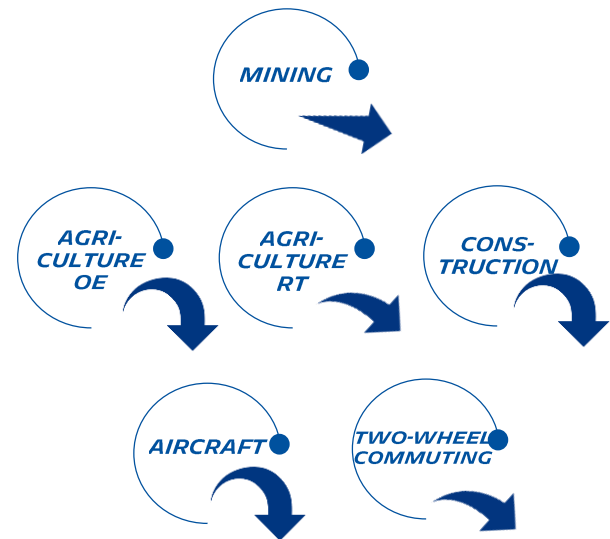
PC/LT: -20%



TRUCK: -14%



SPECIALTIES





## Supported by its diversified offering, engaged employees and robust financial position, Michelin demonstrates its resilience through a crisis of unprecedented intensity

- Quick deployment of all the measures needed to safeguard employees, ensure business continuity and conserve cash
- Despite collapsing markets and a 20.6% contraction in sales, SOI\* ended the first half at €310m:
  - 22.4% decline in volumes, leading to a deep fixed cost shortfall
  - 0.3% gain from assertive pricing policy at a time of declining raw material prices
  - 1.6% gain from the still buoyant mix, reflecting market share gains in the 18”+ segment and resilience in the Specialty businesses
  - €192m reduction in SG&A costs, excluding €77m in exceptional outlays directly related to Covid-19
- A robust financial position recognized by the rating agencies, to weather the crisis
- Strategic choices validated during the first half:
  - A global presence and diversified business base (resilience in the Specialty businesses, with a 15% operating margin)
  - CO<sub>2</sub> reduction pathways and objectives approved by the Science Based Targets initiative\*\*
- Expanded CSR governance within the Supervisory Board

\* Segment Operating Income

\*\* Initiative launched in 2015, a few months before COP21, SBTi is a collaboration of 4 organizations that offer a voluntary approach to fight against global warming in the private sector

# In response to the health crisis, Michelin is taking action to protect its employees and support its host communities worldwide



## ***SAFEGUARDING EMPLOYEES***

↓ Production shutdowns, home office solutions introduced

↓ Necessary health precautions deployed to support the reopening of production lines

↓ Production gradually being restarted

↓ Business safely resumed

↓ Sustained, diligent tracking to respond promptly to any resurgence of the epidemic



## ***SUPPORTING COMMUNITIES***

↓ Masks (~2.4m), hand sanitizer (~12,000 liters) and other PPE donated

↓ Tires (~4,600) donated and free-of-charge assistance provided for ambulances and other vehicles needed for the crisis

↓ Masks (400k/week) and hand sanitizer being produced in certain Group plants

↓ Financial and in-kind donations made



## ***PRODUCING HEALTHCARE PRODUCTS***

↓ 12,000 polycarbonate face shields being fast-track produced for hospitals

↓ Ventilator components and reusable masks being 3D printed

↓ Positioning cushions being produced to help patients breathe

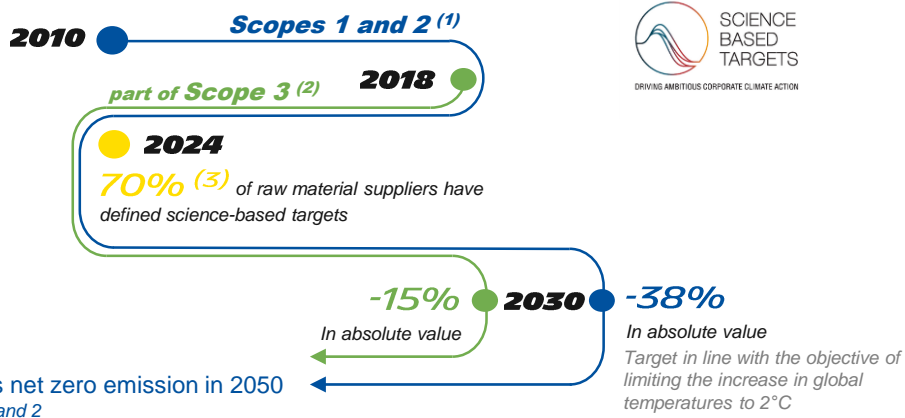
↓ Mask production lines built with our Imeca subsidiary

# Michelin sees its CO<sub>2</sub> emissions reduction targets validated by SBTi, and strengthens CSR Governance within the Supervisory Board



## ENVIRONMENT

Michelin's CO<sub>2</sub> emissions reduction targets have been approved by the **Science Based Targets** initiative (SBTi)



(1) **Scope 1 and 2** emissions are emissions either from sources owned or controlled by the company or from the generation of energy purchased and consumed by the company.

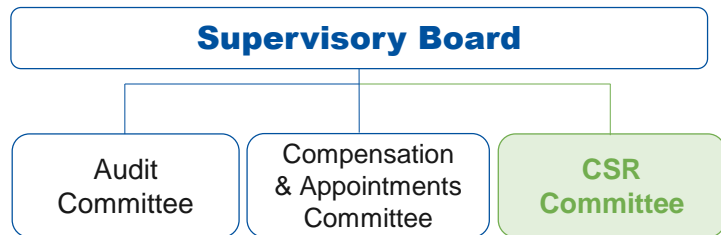
(2) **Scope 3** emissions from fuel- and energy-related activities; upstream and downstream transportation and distribution; and end-of-life treatment of sold products

(3) % in greenhouse gas emissions



## GOVERNANCE

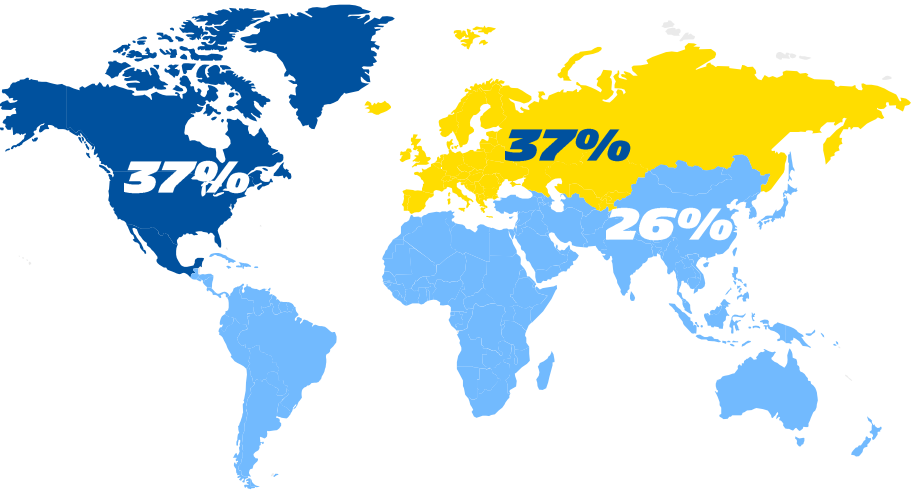
A Corporate Social Responsibility Committee (CSRC) has been created within the Supervisory Board



Election of two Supervisory Board members representing employees, effective December 2020, approved by shareholders at the June 23, 2020 AGM

# A resilient multidimensional Group in an unprecedented systemic crisis

## 2019 sales by region



- North America (incl. Mexico)
- Europe (including CIS)
- Asia and Rest of the World

## 2019 sales by growth driver

### CONSUMPTION



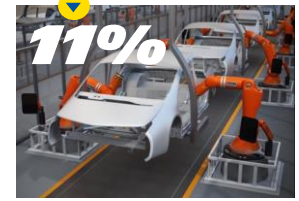
### COMMODITIES



### MANUFACTURING



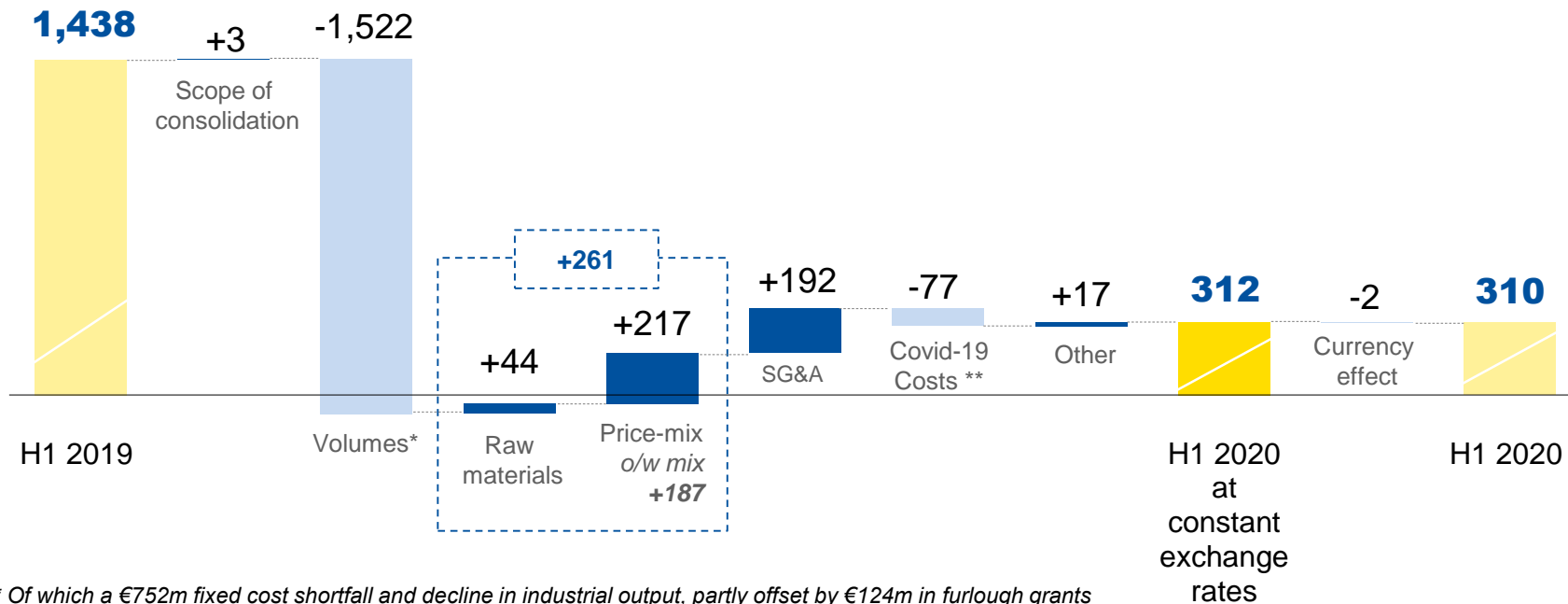
### AUTO\*



\* Auto (PC/LT OE): Passenger car and Light truck tires sold to vehicle manufacturers as Original Equipment

# H1 2020 SOI: deep fixed cost shortfall due to the drop in volumes, partially offset by a robust price-mix and lower SG&A expenses

## YoY change in SOI (in € millions)






\* Of which a €752m fixed cost shortfall and decline in industrial output, partly offset by €124m in furlough grants

\*\* supply and manufacture of masks and gels



# At a time of plunging global demand, margin was slightly negative in RS1 and RS2, but highly resilient in RS3

<i>(in € millions)</i>		H1 2020	H1 2019	Change
	<b>RS1 sales</b>	<b>4,394</b>	5,658	-22.3%
	<b>Operating income*</b>	<b>-35</b>	585	-106.0%
	Operating margin*	-0.8%	10.3%	-11.1 pts
	<b>RS2 sales</b>	<b>2,411</b>	3,144	-23.3%
	<b>Operating income*</b>	<b>-30</b>	279	-110.8%
	Operating margin*	-1.3%	8.9%	-10.2 pts
	<b>RS3 sales</b>	<b>2,552</b>	2,979	-14.3%
	<b>Operating income*</b>	<b>375</b>	574	-34.7%
	Operating margin*	14.7%	19.3%	-4.6 pts

\* For the segment

→ Despite the collapse in volumes, the Group continued to enhance the mix across every reporting segment and maintained an assertive pricing policy that more than compensated for the negative impact of indexation clauses, which were applied in particular in the Automotive OE business.

# Optimized cash management strengthening the Group's robust financial position and enabling it to deal with the crisis calmly

- ➔ Change in free cash flow  
*(in € millions, including acquisitions and JV financing)*

<b>H1 2019 free cash flow</b>	<b>-592</b>
Change in EBITDA	-1,104
Change in trade working capital	+285
Change in tax and interest paid	+281
Change in capital expenditure	+120
Change in M&A and financing for subsidiaries and affiliates	+400
Change in other	+259
<b>H1 2020 free cash flow</b>	<b>-351</b>

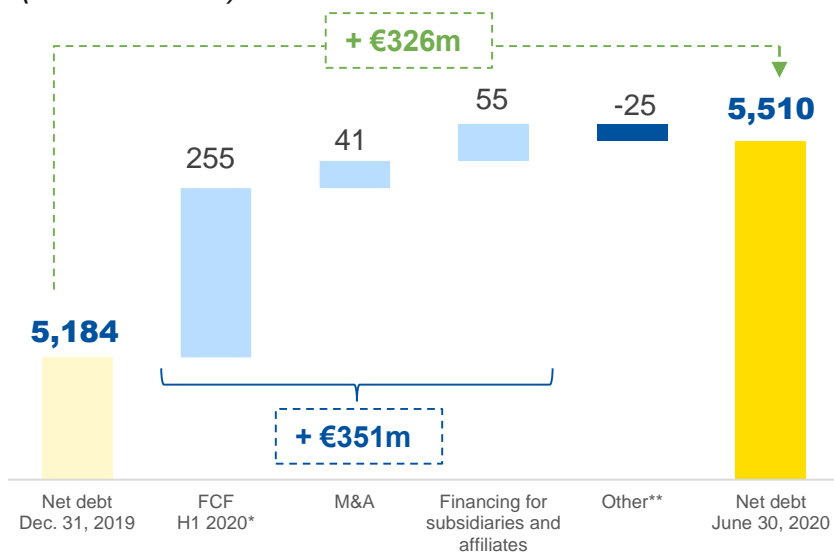
- ➔ A solid cash position at June 30, 2020

- €2.8bn in cash and cash equivalents
- €1.4bn in commercial paper issued out of a maximum €3.1bn
- €1.5bn in confirmed, undrawn lines of credit
- No significant bonds falling due before 2022

The Group's available sources of financing enabled it to easily pass the stress tests conducted for a period 18 months out

# Despite the crisis, net debt remains under control, thanks to management discipline recognized by the rating agencies

## Net debt (in € millions)



\* Free cash flow excluding M&A and financing for subsidiaries and affiliates

\*\* Mainly translation adjustments, share buyback and the impact of new leases

## Credit ratings reaffirmed in first-half 2020

Short term	S&P Fitch	<b>A-2</b> <b>F-2</b>
Long term	S&P Fitch Moody's**	<b>A-</b> <b>A-</b> <b>A3</b>
Outlook	S&P Fitch Moody's**	<b>Negative</b> <b>Stable</b> <b>Stable</b>

\*\* Moody's, whose rating is no longer solicited as of July 1, 2020, affirmed the long-term credit ratings of CGEM and CFM on May 14, 2020

# 2020 market scenario: gradual recovery in demand for PC/LT and Truck tires, vulnerable to a high risk of a major recession



## PC/LT : - 20% / -15%

- OE: trend-line improvement in H2 vs. H1, led by China's recovery and the effect of government incentives
- RT: post-lockdown upturn in demand occurring at different speeds depending on the region, in a very fragile economic environment



## TRUCK: -17% / -13%

- OE: continued decline in global demand in a very uncertain environment
- RT: demand still significantly depressed in every market except China, which is returning to modest growth



## SPECIALTIES : -17% / -13%

- Mining: lower demand in a global economy hurt by Covid-19
- Off-the-road: demand relatively resilient in Agricultural RT tires, but down sharply in Agricultural OE and Infrastructure tires
- Two-wheel: market lifted by its image as a safe form of transportation amid the health crisis
- Collapse in demand for Aircraft tires





## 2020 scenario\*



	2020
Volumes	Growth in line with markets excluding the geomix effect
Cost impact of raw materials prices and customs duties	Positive
Currency effect	Slightly negative based on June 2020 rates**
Net price-mix/raw materials effect	Positive Price / Raw materials: positive

\* Based on the following average prices and exchange rates for 2020: natural rubber: \$1.267/kg; butadiene (US, Europe and Asia): \$611/t; Brent: \$39.8/bbl; EUR/USD: 1.092

\*\* See slide 54



# 2020 guidance excluding any new systemic effect from Covid-19



	2020
Segment Operating Income at constant exchange rates	> €1,200m
Structural FCF	> €500m

---

September 25, 2020

# Stockholm

---



**02.**

**Drivers for growth**

---

# Leverage on Group's strengths, in four domains of growth, to enhance customers mobility and create value

## ➔ Michelin's strengths



**Michelin brand leadership**  
*Michelin Man named\* "Icon of the Millennium"*



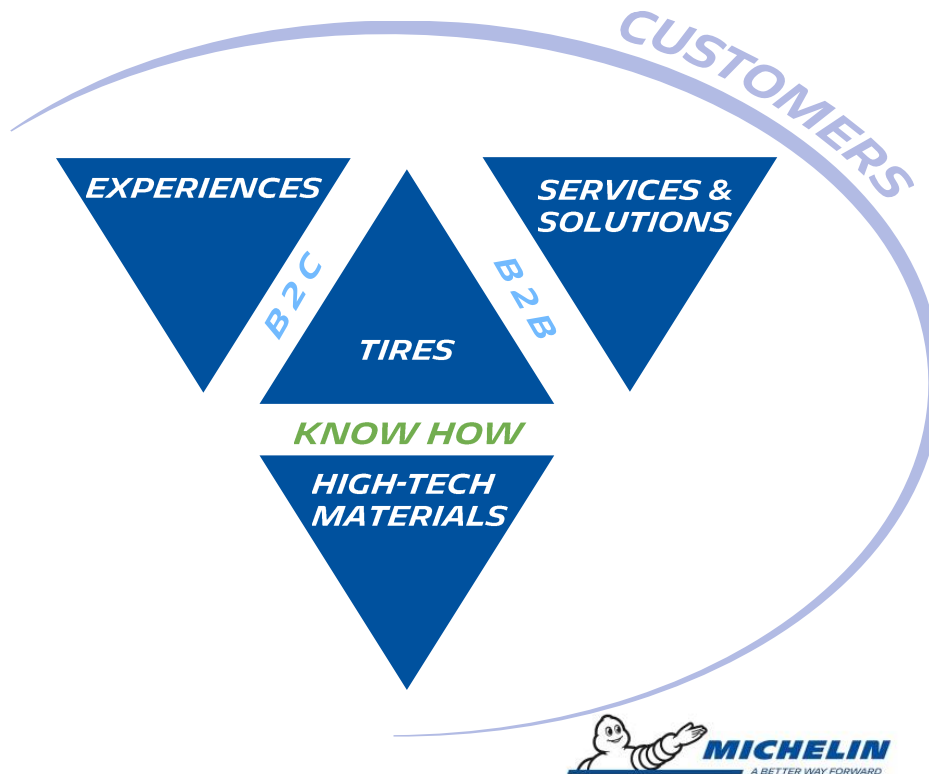
**High-tech materials leadership**  
*125 years of competencies and innovations in flexible composite materials and transformation processes*



**Employee engagement**  
*In 2019, 81% of employees say they are proud and happy to work at Michelin*

*\*By Advertising week*

## ➔ Four areas of growth

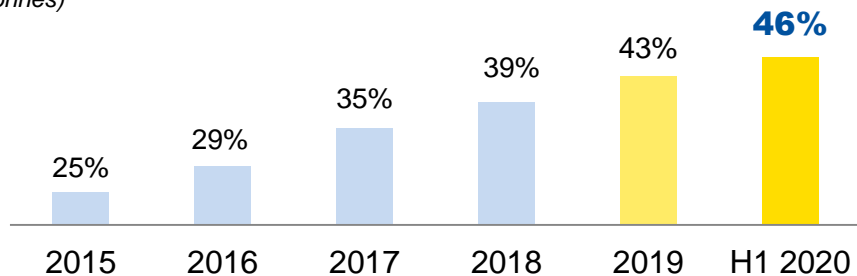




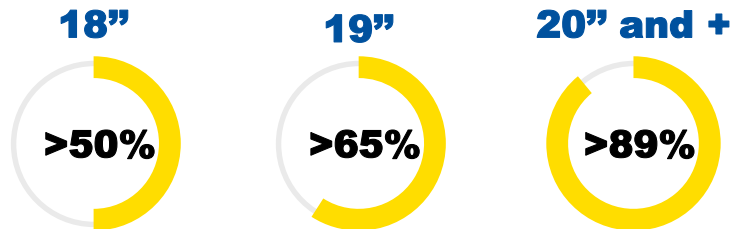
# Automotive: market share gains in 18 inch and above, recognition of Michelin's technological leadership



Percentage of ≥18" tires in total MICHELIN-brand sales (in tonnes)



MICHELIN OE/RT loyalty rate in Europe\*:

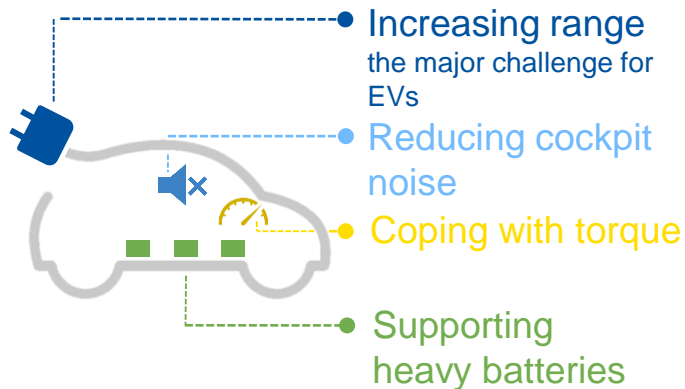


\* 1<sup>st</sup> replacement

# Electric vehicles: by leveraging its technological advance, Michelin is strengthening its leadership in a highly demanding, fast-growing market

High-performance solutions

aligned with EV needs

- 
- Increasing range the major challenge for EVs
  - Reducing cockpit noise
  - Coping with torque
  - Supporting heavy batteries

## MICHELIN: THE LEADER IN EV TIRES

Sport passion



Generalist



Premium luxury



New entries



Share of EV sales in the total market

**30%**  
IN 2025

**12%**  
IN 2020

# Michelin is deploying its circular economy strategy, notably in urban and highway transportation



## LOW ENVIRONMENTAL IMPACT TIRES



Launch of the  
**MICHELIN  
AGILIS 3**

For light commercial vehicles

On average **1KG LIGHTER** than the previous generation

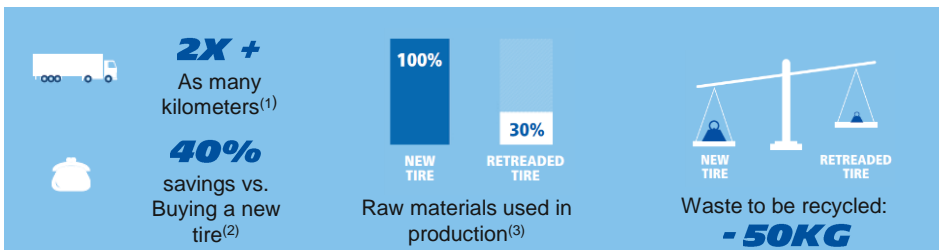
Demonstrating the  
**LLP\* PROMISE**

\* Long Lasting Performance



## MICHELIN: THE LEADER IN RETREADING

/// environment    /// economy    /// safety



(1) With the same casing. In-house Michelin tests in 2013. The lifespan of a MICHELIN Remix® tire = 97% of the lifespan of a new, same-size MICHELIN tire.

(2) European average, in-house price surveys in 2014 and Internet price surveys conducted by an outside organization in 2014.

(3) MICHELIN Remix® retreading requires only an average 20 kg of raw materials, i.e. 70% less than to make a new tire

- Growth driver for the Group's Road transportation tire business
- Supports Michelin's "All Sustainable" strategy
- Unmatched solutions, thanks to Michelin's robust tire casings
- A profitable business that is more recession-proof than new tires



# Michelin strengthens its position in markets with high potential for value creation

## Mining tires

→ XDR250 - 57"



→ XDR3 - 63"



→ MICHELIN MEM'S Evolution 4



→ Convoyer belts



Long-term CAGR  
~+2%

## AN UNRIVALED MICHELIN PORTFOLIO...

Technological leadership  
Comprehensive solutions for every customer need  
Services & Solutions

## ... IN HIGH-POTENTIAL MARKETS DRIVEN BY



Trade flows



Urbanization



Population growth



OHT



MICHELIN Zen@terra

MICHELIN AgroPressure

CAMSO tracks and tracks system



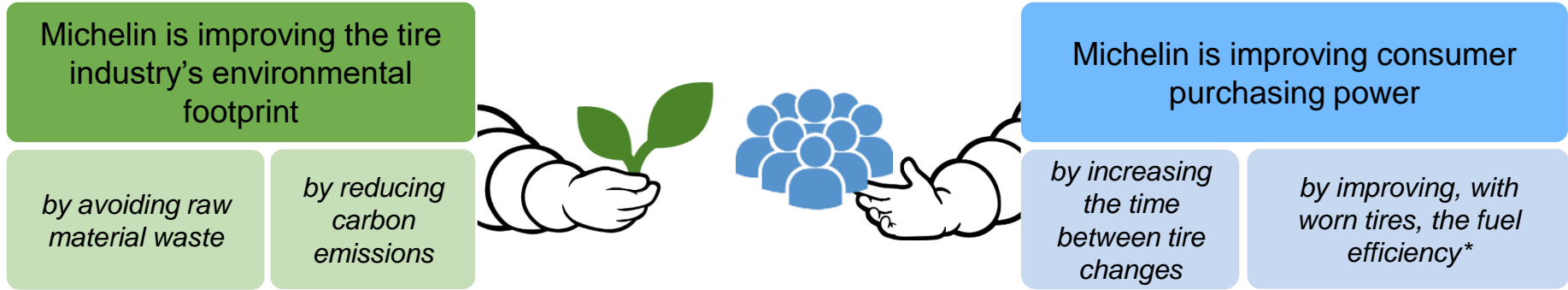
Long-term CAGR  
~+3%





# Recognition for the economic and environmental benefits of Michelin tires' long-lasting performance

- By offering customers tires that deliver high performance until 1.6mm wear indicators appear



\* Up to a 20% reduction in rolling resistance

- Michelin's approach is supported by:
  - The automotive industry
  - The European Parliament



# Innovation leader with Uptis: the airless concept, an essential step towards more sustainable mobility

## - From ambition to action -

### **FOR THE NEW C.A.S.E MOBILITY**

*(Connected, Autonomous,  
Shared, Electric)*

#### **Benefits for car owner**

*More serenity during  
the journeys*

#### **Benefits for fleet owners and professionals**

*Productivity optimisation*

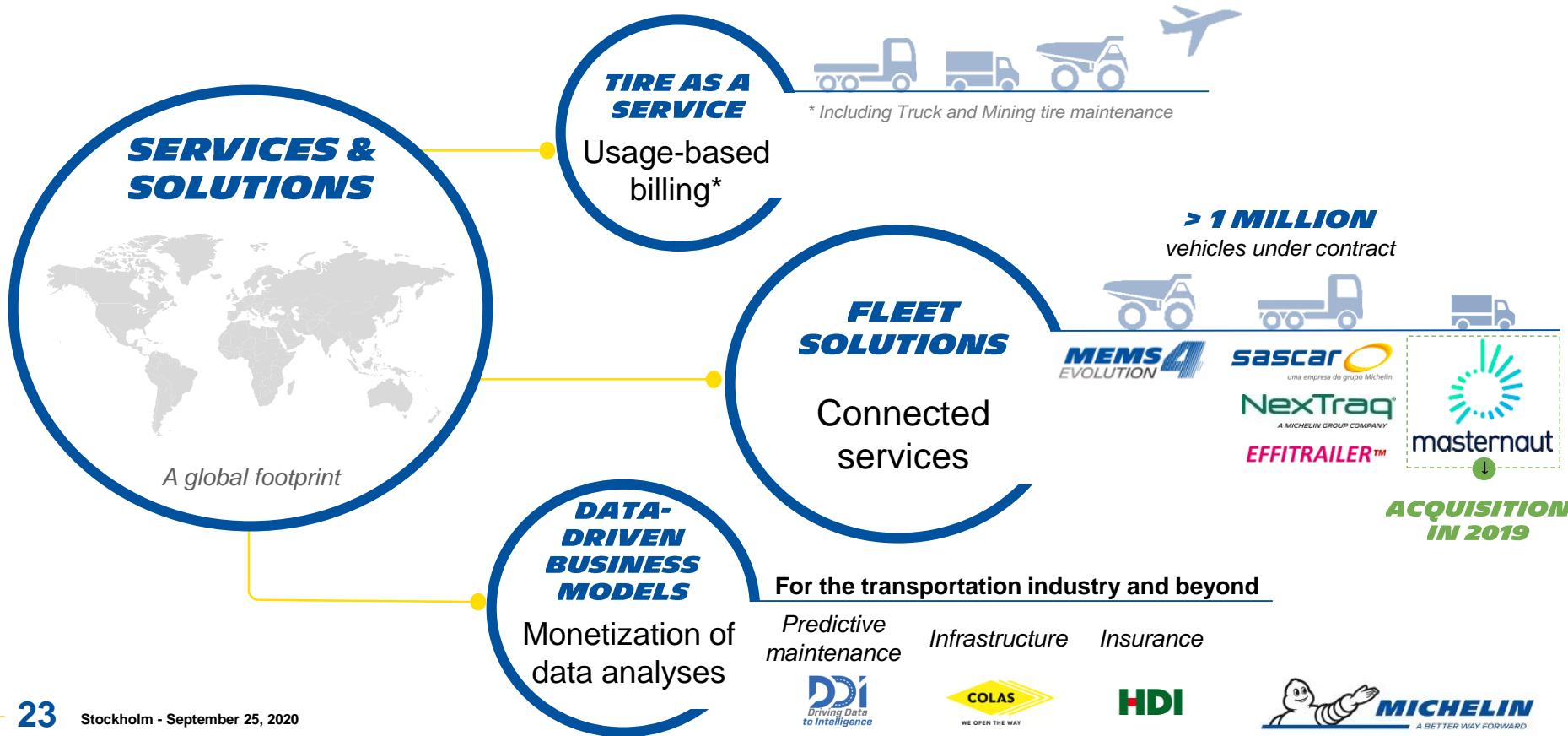
### **AIRLESS TECHNOLOGY « PUNCTURE PROOF »**

**Co-developed  
with General Motors**

#### **Benefits for all**

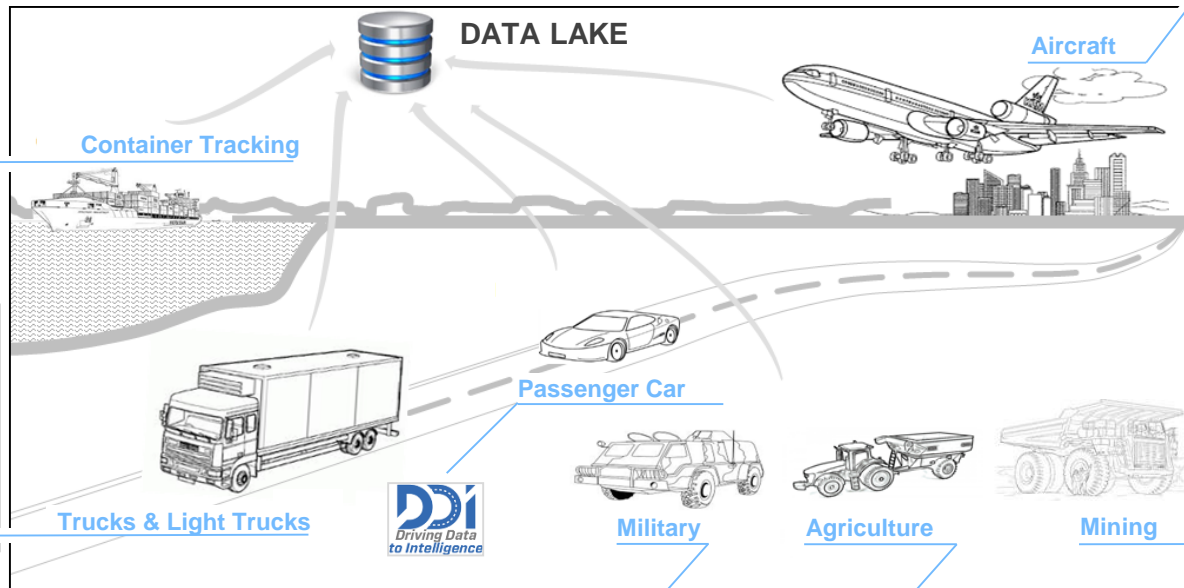
*Material savings and  
waste reduction*

# Services & Solutions: an expansive offering suited to B2B customer needs



# Our aim: deeply understand our customers to provide solutions that create greater value for all

- Data collection: a pre-requisite to building **predictive** capabilities
- Michelin begins this journey with a data lake that merges **unique historical data sets**
- Michelin will go much further, ultimately **connecting every single asset**

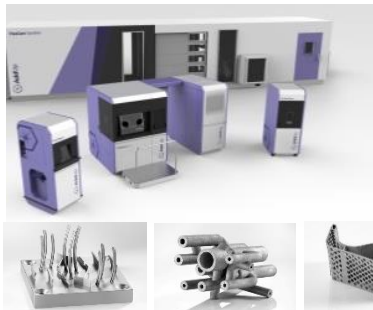


**PRESSENSE PROJECT**  
with Safran



# High-Tech Materials strategy: addressing 3 main value chains for a sustainable growth

## ADDITIVE MANUFACTURING



**HIGH-TECH  
MATERIALS**

## FLEXIBLE COMPOSITES

→ Rubber goods



→ Bio-based and clean materials



## HYDROGEN MOBILITY



→ End of Life Tire recycling



# Michelin aims to become a world leader in hydrogen systems

**WITH** its expertise in the hydrogen fuel cell technology, notably in the coated membranes technology, **Michelin** is accelerating the deployment of zero-emission mobility:

by partnering with Faurecia to create a leading hydrogen fuel cell system



Photo Renault



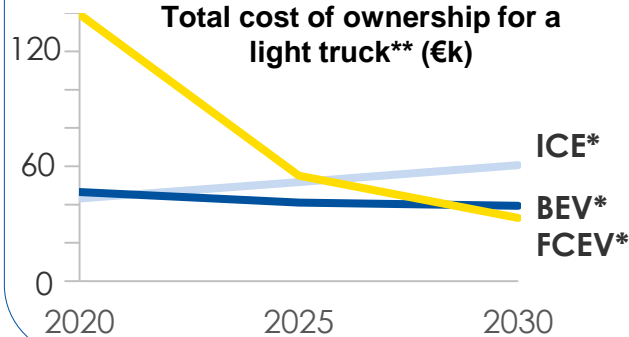
by participating in the Zero Emission Valley project (Hympulsion) in France, involving public-private partners

by being the major player in hydrogen competition, a solution accelerator, with Mission H24 partnership

by being a key stakeholder and a trusted third party in hydrogen mobility (Hydrogen Europe, Hydrogen Council, MOVIN'ON...)

# Symbio strong ambitions on a growing and high value creative market

## FCEV TCO ON PAR WITH BEV FROM 2027

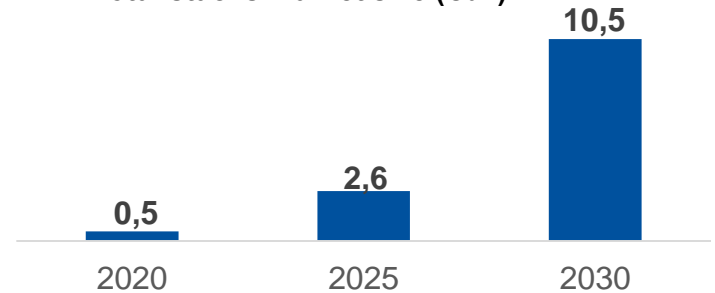


\* FCEV: Fuel Cell Electric Vehicle, BEV: Battery Electric Vehicle, ICE: Internal Combustion Engine

\*\* Assumptions: Light trucks, EU region, Max range 500 km, 80,000 km/year, 3 years ownership

## A FAST-GROWING MARKET

### Total stacks market size (€bn)



**SYMBIO**

A FAURECIA MICHELIN HYDROGEN COMPANY

**250**

employees in 2020

**€140M**

will be committed by Michelin and Faurecia

**3**

Production facilities eventually: Europe, Asia and USA

**÷ 10**

the price of a fuel cell stack + components in the future, (due to growing demand)

### 2030 outlook

**12%**

market share

**~€1,5BN**

in sales



# Maintaining our brand leadership and strengthening our B2C connection

## NURTURING OUR STATUS AS A PREMIUM BRAND



8<sup>th</sup> most reputable company worldwide  
Ranked **no.1** in the automotive sector

BY 2019 GLOBAL REPTRACK@100\*



\* Reputation Institute



## DEVELOPING CURATION ACTIVITIES

that enable our customers to enjoy a unique mobility experience and make Michelin a trusted partner



Tablet®



Robert Parker  
WINE ADVOCATE

"BY MICHELIN"

In 2019, a strategic international partnership agreement was signed with the aim of combining:

- The gastronomic selection expertise of the **Michelin Guide**
- The power of **TripAdvisor's** global customer audience
- **TheFork's** leading online restaurant booking platform



---

September 25, 2020

# Stockholm

---



**03**

**Drivers for  
competitiveness**

---



# Beyond 2020: set up our manufacturing efficiency, boosting competitiveness gains

## /// INDUSTRIAL FOOTPRINT

- Produce locally and increase flexibility
- Multistrada conversion from Tier 3 to Tier 2 production
- Increase the number and utilization of large plants (>100k tonnes)



## /// PRODUCTIVITY GAINS

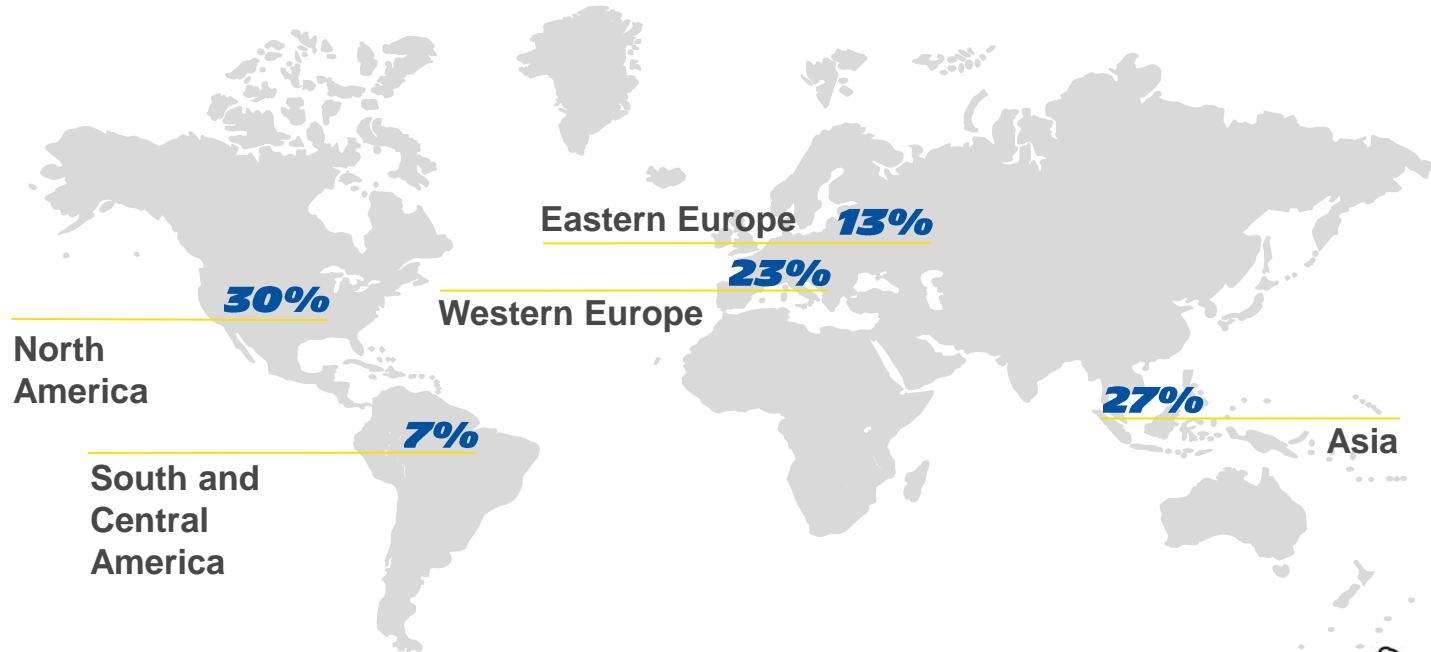
- Process standardization
- Empowerment deployment
- Simplicity
- Digital manufacturing



# Continuing to rightsize Michelin's manufacturing footprint

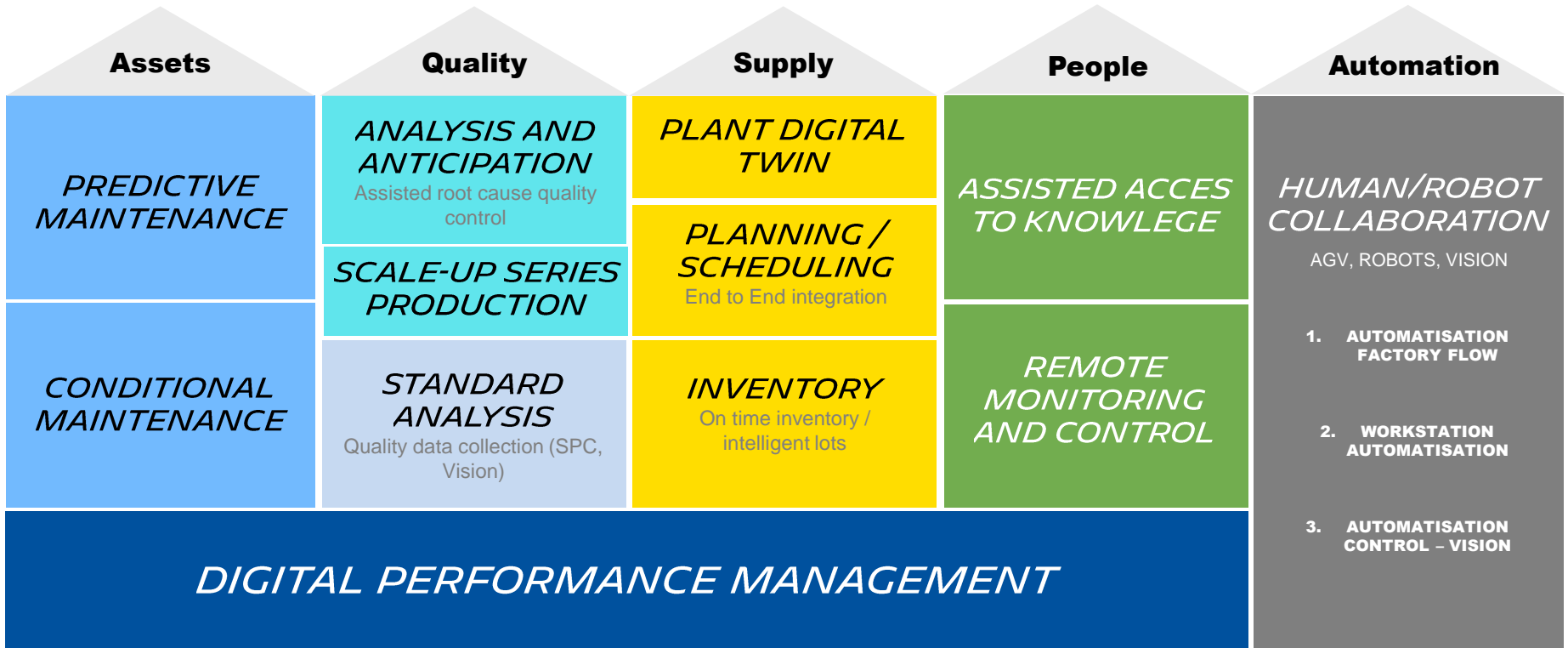
## 2023 production capacity by region (in kt)

Including Camso and Multistrada



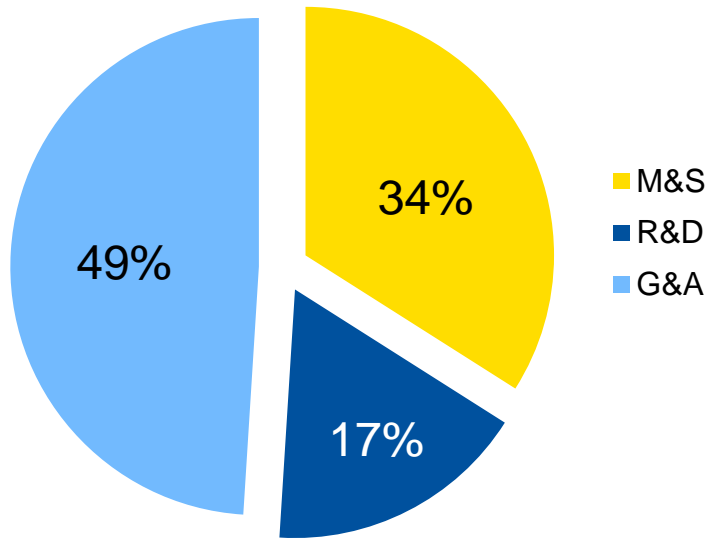


# Digital manufacturing: 50 demonstrators launched

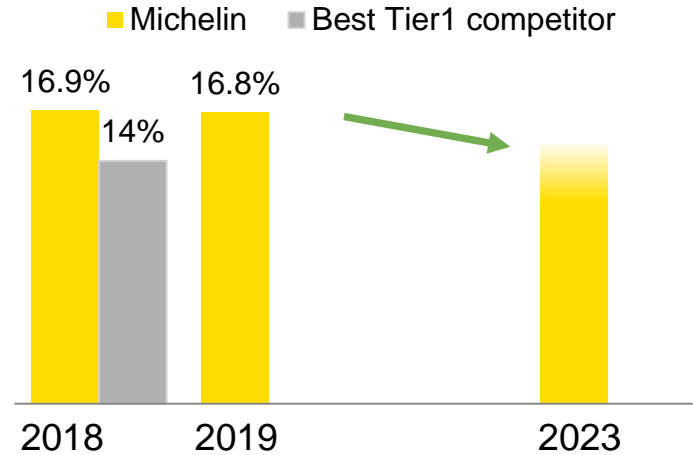


# Beyond 2020: continue to target SG&A benchmark levels

## 2019 SG&A split (in € millions)



## Zoom SG&A (in % of sales)



**Closing the gap vs. best Tier 1 competitor**

# Levers to improve our SG&A structure



*CORPORATE BUSINESS SERVICE IN BUCHAREST (EUROPE), QUERETARO (AMERICAS) AND, SHENYANG AND BANGKOK (ASIA)*



*CULTURAL TRANSFORMATION: SIMPLIFICATION AND FRUGALITY*



*COMPLETE THE DEPLOYMENT OF OUR BUSINESS MANAGEMENT PROGRAM (OPE)*



*CREATION OF MICHELIN TECHNOLOGY AND INNOVATION CENTER IN PUNE (INDIA)*



*STRENGTHENING OF OUR PURCHASING ORGANIZATION AND PROCESSES*



*VALUE STREAM MAPPING FOR LARGE CROSS-FUNCTIONAL PROCESSES*



*DIGITIZATION OF HR AND CRM PROCESSES*





---

September 25, 2020

# Stockholm

---



**04**

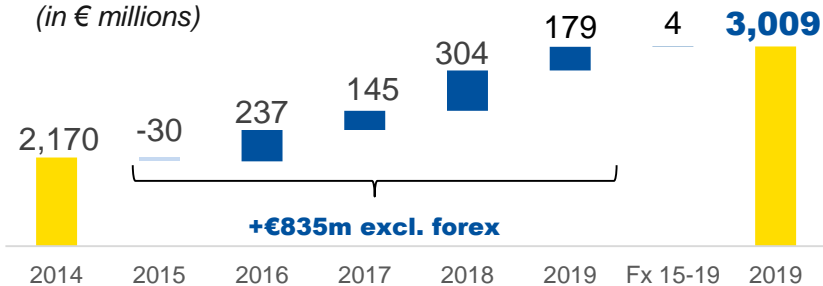
**Conclusion**

---

# Resilient margins, underlying strengths and robust drivers support confidence in sustainable FCF growth

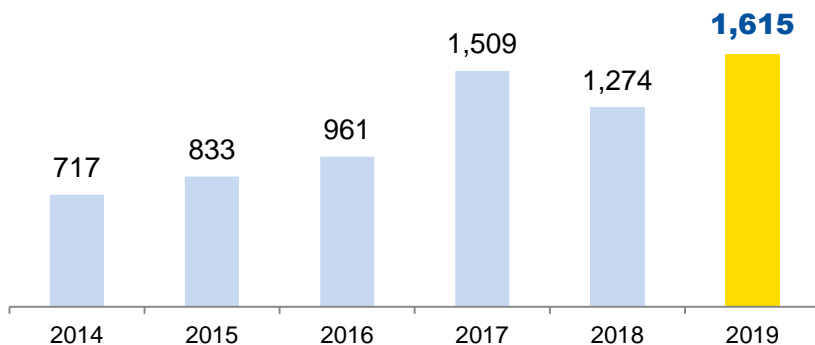
## Change in segment operating income 2014 – 2019

(in € millions)



## Structural free cash flow 2014 – 2019

(in € millions)



36

Stockholm - September 25, 2020

## Beyond 2019: Michelin's strengths and drivers for more value creation



A powerful **brand** operating in structurally growing markets



**Innovation** for better performing, more environmentally friendly products



Tires becoming more **technology** rich



Business **expansion** leveraging our customer base and our unique expertise



**Competitiveness** plan deployment



**Working capital** optimization





# Michelin's non-financial ratings: a leading, and recognized player in sustainable mobility

## Major sustainability rating (As of June 30, 2020)

	CDP 2019	ECOVADIS 2019	ISS-OEKOM 2019	MSCI 2019	VIGEO EIRIS 2018	SUSTAINALYTICS 2018
Status	<b>LEADERSHIP</b>  <b>CDP LEADERSHIP</b>	<b>GOLD</b> 	<b>PRIME</b> 	<b>AA</b> 	<b>A1+</b> 	<b>OUTPERFORMER</b>
Rating	A-	78/100	B-	7.4/10	68/100	77/100
Ranking / Distribution of ratings	<i>Climate change</i>  <i>Water security</i> 	<i>Top 1% (natural rubber)</i> 			<i>1<sup>er</sup> of 31 in the sector</i> 	<i>7<sup>ème</sup> of 54 in the sector</i>



---

September 25, 2020

# Stockholm

---

# *Appendices*

---





# Investor Calendar

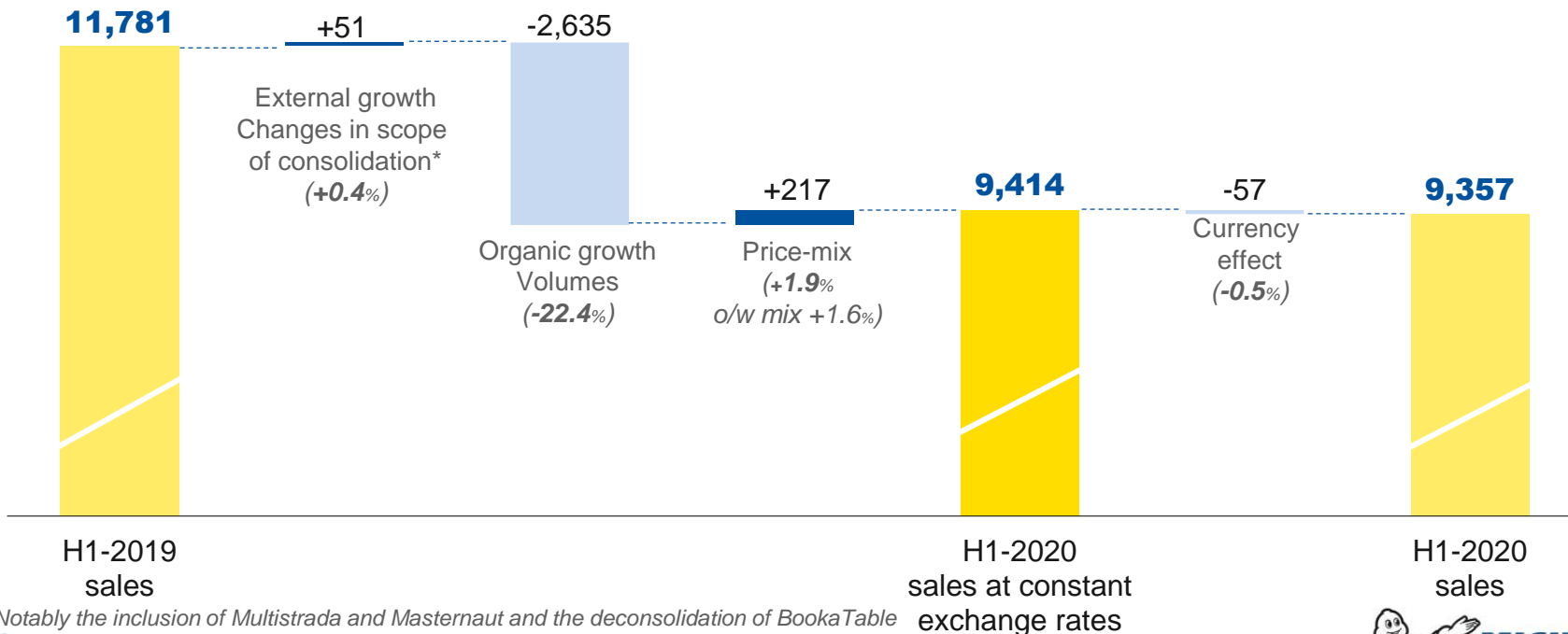
- **Coming events:**

- **October 22, 2020 (after close of trading)** : Third-quarter and 9 months 2020 sales
- **February 15, 2021 (after close of trading)** : 2020 Annual Results
  
- **April 8, 2021**: Investor Day



# H1 2020 sales: as global tire demand collapsed, sales declined by 20.6%

## YoY change (in € millions and %)

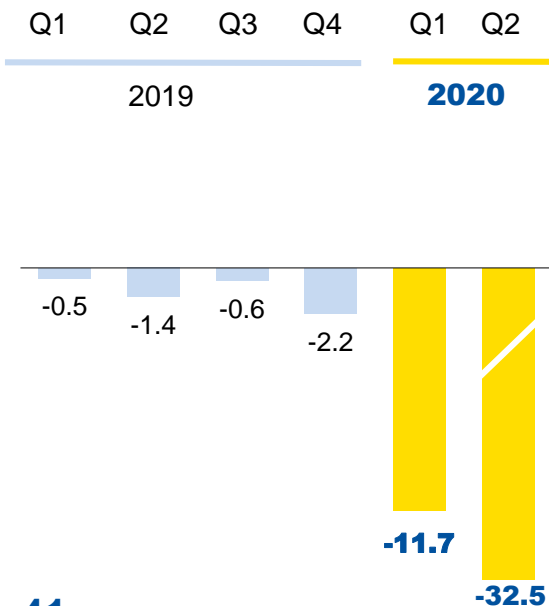


\* Notably the inclusion of Multistrada and Masternaut and the deconsolidation of BookaTable

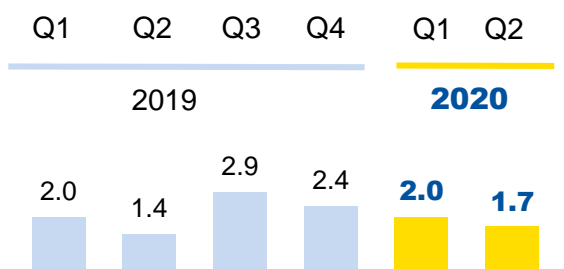
# Q2 2020: despite the fall in volumes caused by the health crisis, the Group held prices firm and enhanced the mix

## YoY change, by quarter (in %)

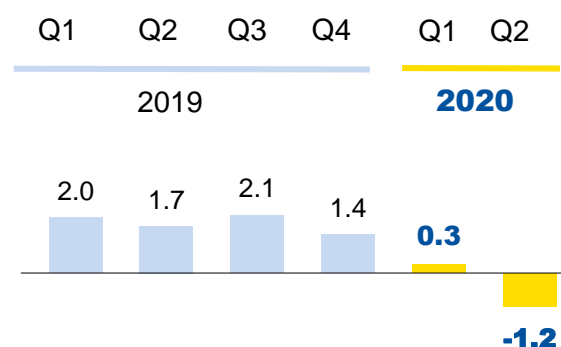
### Volumes



### Price-mix

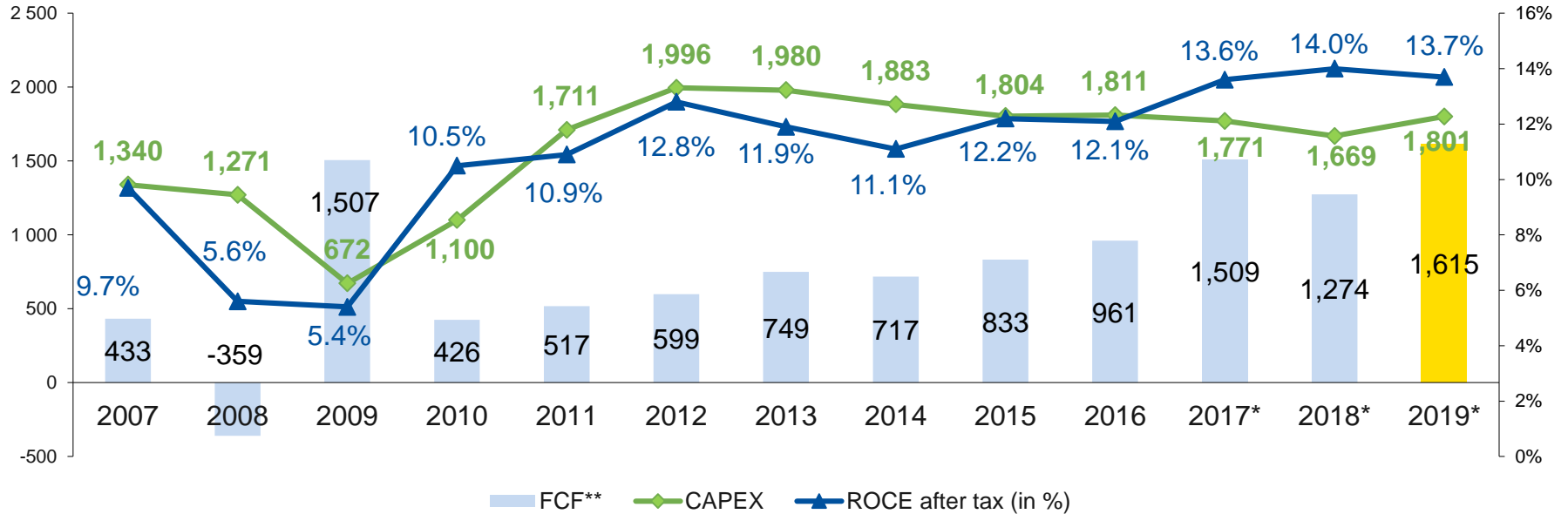


### Currency effect



# 2007 – 2019 : Group capacity to protect and improve its Free Cash Flow generation

## 2007 - 2019 Free Cash Flow, CAPEX & ROCE\*



\* With standard tax rate at 28% for 2017 and 26% for 2018 & 2019 and excluding goodwill, acquired intangibles, associates and joint ventures for 2017, 2018 & 2019

\*\* Reported FCF from 2007 to 2010, Structural FCF from 2011 onwards.

# Michelin's OE position is unique

	SPORT PASSION	LUXURY PREMIUM	GENERALISTS	NEW ENTRANTS (OEM & Mobility)
OEM BRANDS (examples)				
Who are they	Extreme emotions & passionate drivers	Premium brand focus on consumer experience	WW players mass-market oriented	New OEMs & new offers of mobility
Market weight (Volumes of tires)	2% > in € and image	13% > in € and image	65% =	20% < in €
Main competitors	Pirelli	Continental Pirelli	Bridgestone, Goodyear, Continental, Dunlop, Hankook	All
Michelin position	<b>Leader</b>	<b>Amongst the Top 3</b>	<b>Amongst the Top 3 Overall &amp; WW presence</b>	<b>Leadership Position amongst non Chinese</b>

→ ... with the overall objective of achieving

- a benchmark position in each segment & each geography
- sales growth at least in line with the market
- profitability on a par with the best auto suppliers

# The new challenges facing road transportation: opportunities to showcase the value added of Michelin solutions

## NEW ENVIRONMENTAL STANDARDS

- Reducing CO<sub>2</sub> emissions
  - Vecto UE 2020 standard for new vehicles
    - Cut CO<sub>2</sub> emissions by 15% by 2025
    - Cut CO<sub>2</sub> emissions by 30% by 2030
  - Greenhouse Gas Protocol applied to company upstream/downstream operations
- Circular economy
  - Preference for retreaded or retreadable tires in government contracts (French legislation)



## BUSINESS ISSUES

- Focus on fuel efficiency
- Shortage of drivers and rising wages
- Optimizing asset use

## A HIGHLY DIVERSIFIED LINE-UP

- Tires offering the lowest TCO over time
- Innovative solutions to improve the productivity and environmental footprint of trucking companies
- Products with low environmental impact to support truckers in transitioning to zero-emission operation



# Resilient Specialty businesses amid a severe recession in the global economy

- The Specialty segment's business performance helped to offset the steep drop in the Automotive and Road transportation segments, with :
  - Only a **14%** decline in sales
  - A **15%** operating margin

## **FENNER** CONVEYOR BELTS



## **AGRICULTURAL** **RT**



## **MINING**



## **TWO-WHEEL**



# Partner dealership chains\* that showcase the Group's products

- Michelin boasts industry-leading global coverage



- Partner wholesalers: NTW, Ihle, Meyer Lissendorf
- A vast network of strategic retailers\* as of late 2019: ~ 7,500 including Penta in Indonesia following the acquisition of Multistrada

\*Proprietary or franchised dealers, plus minority stakes in partners

# Hydrogen mobility is the unique solution to meet the three challenges simultaneously : pollution, greenhouse gases and energy transition



## ▶ **GREEN H2 PRODUCTION** (zero CO<sub>2</sub> emission)



*Renewable energy*

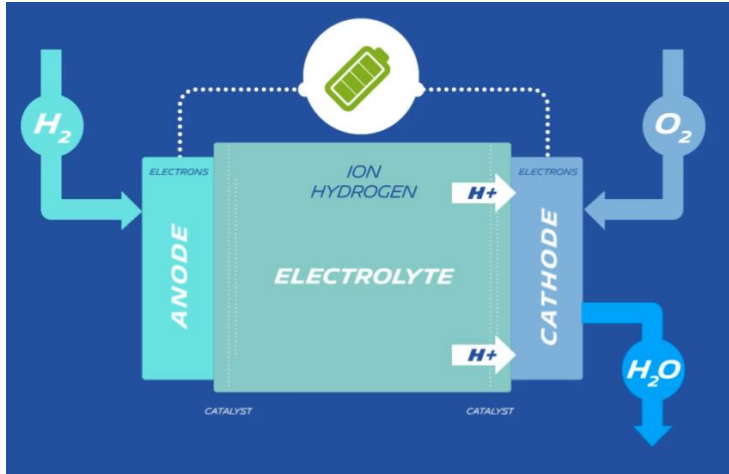
Electricity & H<sub>2</sub>O  $\xrightarrow{\text{Water electrolysis}}$  H<sub>2</sub>

## ▶ **MAIN USES OF H2**

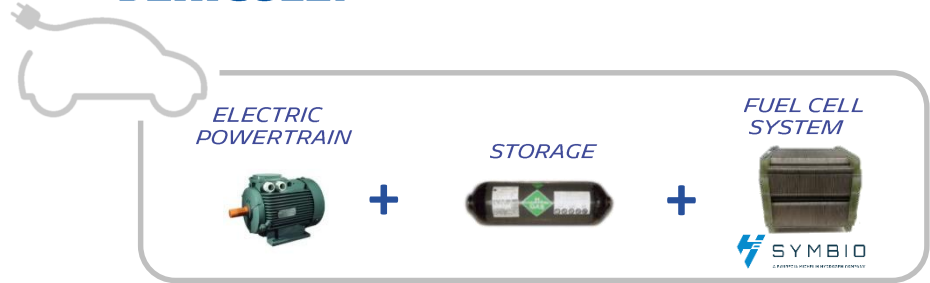
- storing intermittent energies (wind, solar...) electricity production surplus, through electrolysis
- helping decarbonize transportation. Hydrogen vehicles only reject water

# 3 questions about fuel cells

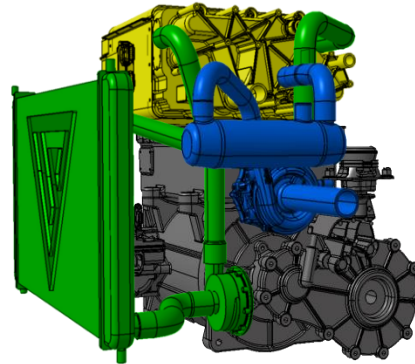
## HOW DOES A FUEL CELL WORK?



## WHAT IS A FUEL CELL ELECTRIC VEHICLE?



## WHAT IS A FUEL CELL SYSTEM?



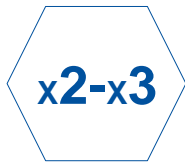
- Electric transmission
- Stack
- Air system
- Cooling system
- + transformer and controller

# The hydrogen mobility, which growth perspectives are significant, is a solution particularly adapted to the professional needs

- A fuel cell car will be able to cover longer distances and offer constant availability for a lighter, smaller system

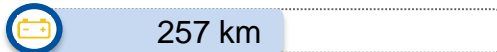


Hydrogen fill-up



Range

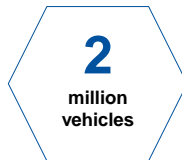
FOR THE SAME SIZE TANK (170 DM<sup>3</sup>)



FOR THE SAME AMOUNT OF ENERGY + SAME STORAGE (125KG)



- 2030 market \*



\* Michelin estimate

- 80% light vehicles (passenger cars and light trucks)
- 20% trucks and buses

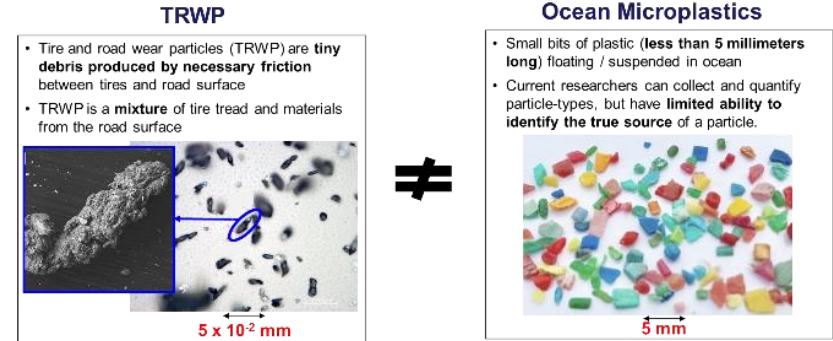
Before approaching passenger car market, **Michelin** has decided to target first **professional markets** as hydrogen is the most appropriate energy for **heavy and long distance transportation**





# What are Tire and Road Wear Particles (TRWPs) ?

- TRWPs are tiny debris produced by the friction between tires and the road; this friction is what ensures grip and safety on the road
- The particles are a mixture of rubber and road surface minerals
- They have specific characteristics and behaviors
  - High density: 1.8
  - Big diameter: average size 100  $\mu\text{m}$
  - High degradability rate



- Scientific studies conducted to date at the request of TIP and ETRMA have shown that 2% to 5% of TRWPs reach estuaries and that around 1% of PM10 and PM2.5 present in the air would be from TRWPs





## The Group is strongly engaged on the topic of TRWP



The Michelin Group has a dual commitment to reducing abrasion:

- **Individually**, by reducing the abrasion of its own products by leveraging its materials expertise and a design culture/strategy focused on optimizing the use of raw materials and reducing their quantities (less wear, less raw materials)
- **Collectively**, by collaborating with industry and public authority stakeholders to help introduce maximum abrasion limits and support deeper scientific understanding of TRWPs.



# Life cycle impact: taking action throughout the life cycle of our products



## RAW MATERIALS

Michelin is responsibly developing its natural rubber supply and other sustainable materials.



## MANUFACTURING

Michelin strives to continuously reduce the environmental impact of manufacturing through its environmental management system and performance targets.



## LOGISTICS

Michelin leverages a variety of solutions to reduce its carbon footprint for transporting semi-finished and finished products



## USE OF PRODUCTS AND SERVICES

**REPRESENTS 63 % to 96 % OF THE LIFE CYCLE IMPACT\***

Michelin's innovations mean longer distances and higher performance with fewer materials and a smaller carbon footprint. Our services and solutions optimize tire use.

\*depending on type of vehicle and environmental impact category



## MATERIALS RECYCLING

Lehigh Technologies, a Michelin company, produces high-performance materials from end-of-life tires and other post-industrial rubber.



## ENERGY RECOVERY



## END OF LIFE

Michelin actively supports resource recovery and recycling systems for end-of-life tires with its stakeholders and industry partners around the world.



## REDUCE

- Tire performances
- Services & Solutions
- Hydrogen fuel cell development
- Uptis & Vision projects
- Coal exit strategy
- Renewable energy purchasing ramp-up
- Global engagement & partnership (SBTi, Movin'On...)
- Biodiversity commitments
- Less transport, better transport and transport in a different way



## REUSE

- Repair, regroove and retread tires
- Vision project



## RECYCLE

- Recycle energy
- Collective approach: collect and recover tires
  - TIP
  - Regional associations
  - ELT companies
- Individual approach :
  - Recycle tires: Lehigh Technologies
  - Use tires into tires: Enviro, Lehigh Technologies
- Vision project



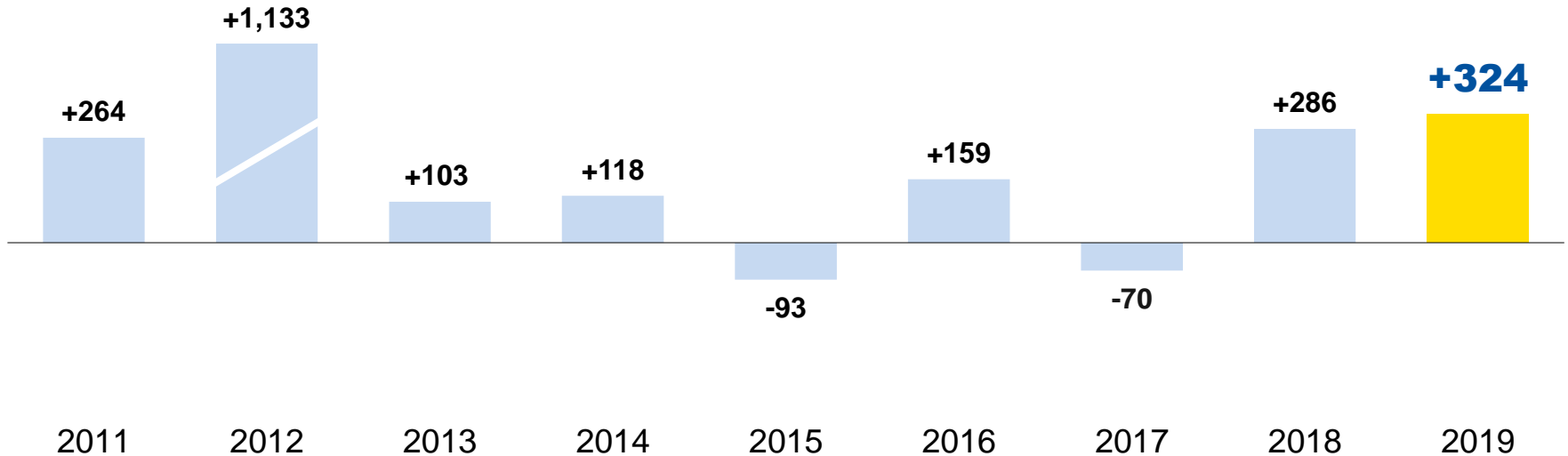
## RENEW

- Biodiversity commitments
- Renewable materials projects
  - BioButterfly
  - Biolmpulse
  - Natural rubber
- Vision project



# Proven ability to improve unit margin in a highly competitive market environment

- Net impact of changes in the price-mix and raw material prices  
(in € millions)



# Sales by currency and SOI impact

	% of sales (June 30th LTM)		2020 H1 € change vs. currency	Droptthrough sales / ROS*
USD	37%	-2%	40% / 50%	
EUR	31%	-	-	
CNY	6%	1%	25% / 30%	
AUD	3%	5%	80% / 85%	
GBP	3%	0%	25% / 30%	
BRL	3%	23%	-30% / -20%	
CAD	3%	0%	25% / 30%	
RUB	2%	3%	25% / 30%	
JPY	1%	-4%	80% / 85%	

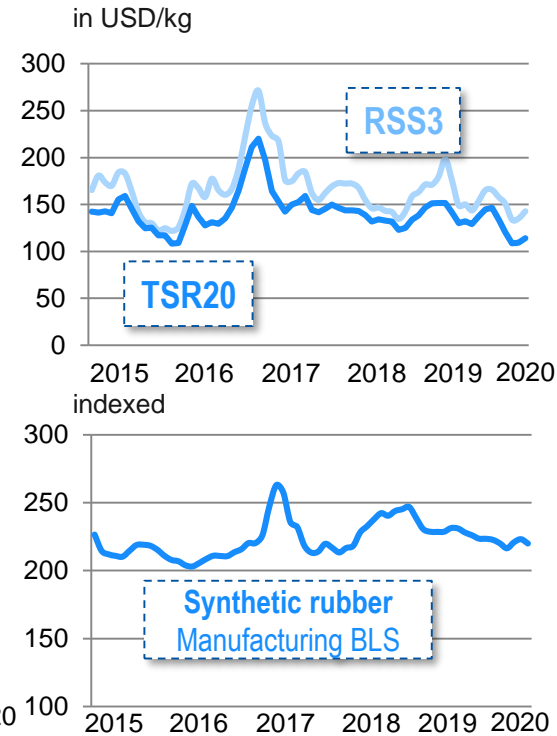
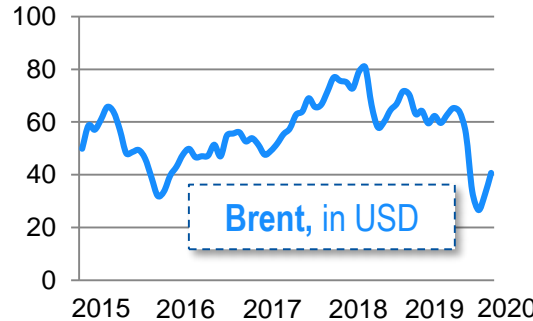
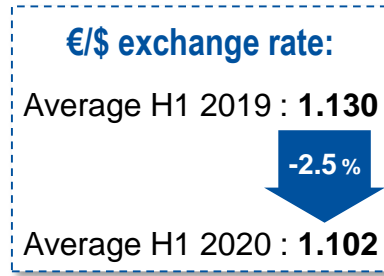
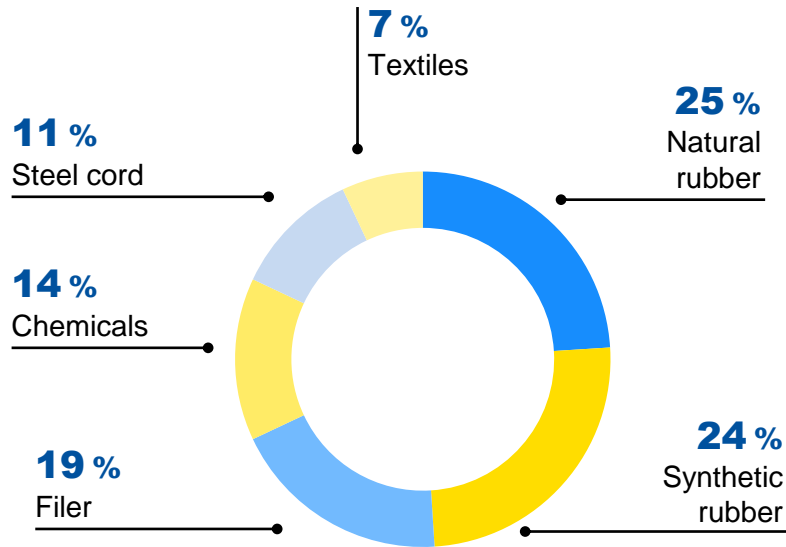
	% of sales (June 30th LTM)		2020 H1 € change vs. currency	Droptthrough sales / ROS*
CLP	1%	17%	80% / 85%	
MXN	1%	9%	25% / 30%	
THB	1%	-3%	-130% / -100%	
TRY	1%	12%	80% / 85%	
SEK	1%	1%	80% / 85%	
TWD	0.6%	-6%	80% / 85%	
ZAR	0.4%	13%	80% / 85%	
ARS	0.4%	52%	80% / 85%	
COP	0.2%	12%	80% / 85%	
Others	4.4%	-	-	

\*actual droptthrough linked to the export/manufacturing/sales base



# Raw materials

## Raw material purchases in H1 2020 (€1.8bn)

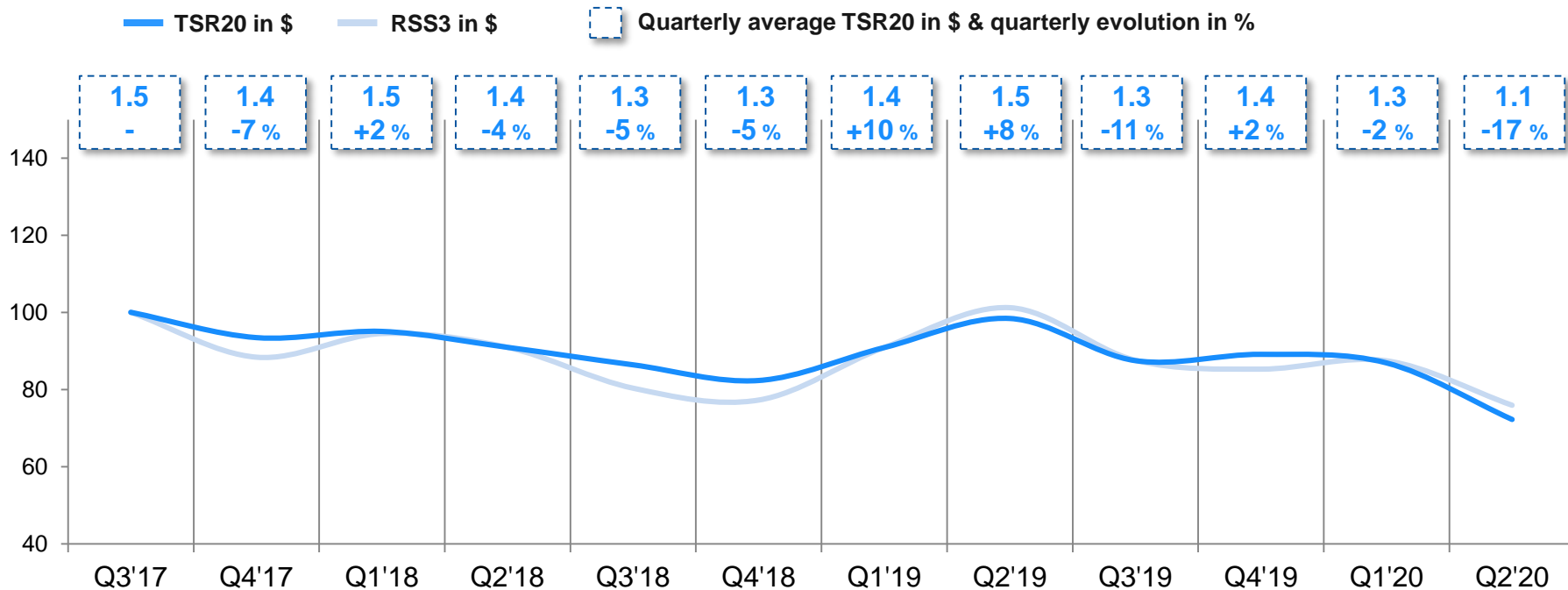






# Natural Rubber price trend

➔ At end of June 2020 (per kg, base 100 in Q3'17)

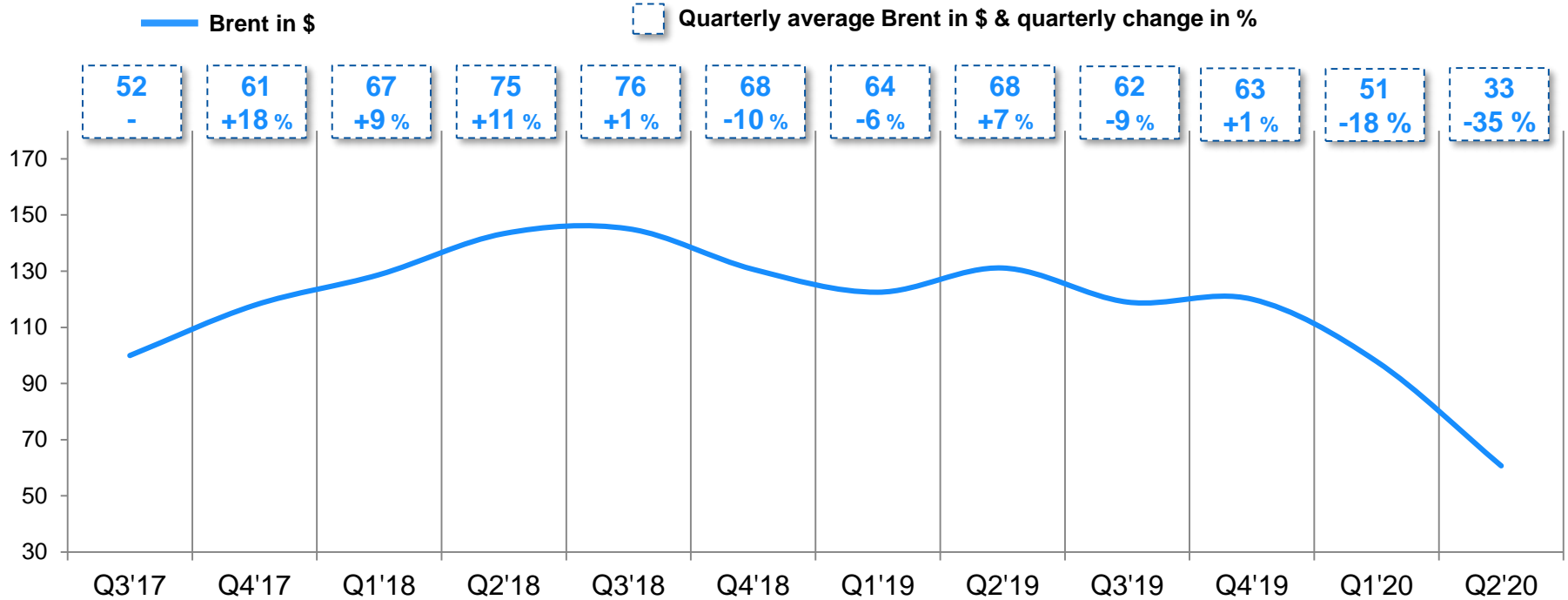


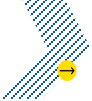
Source : SICOM.



# Brent price trend

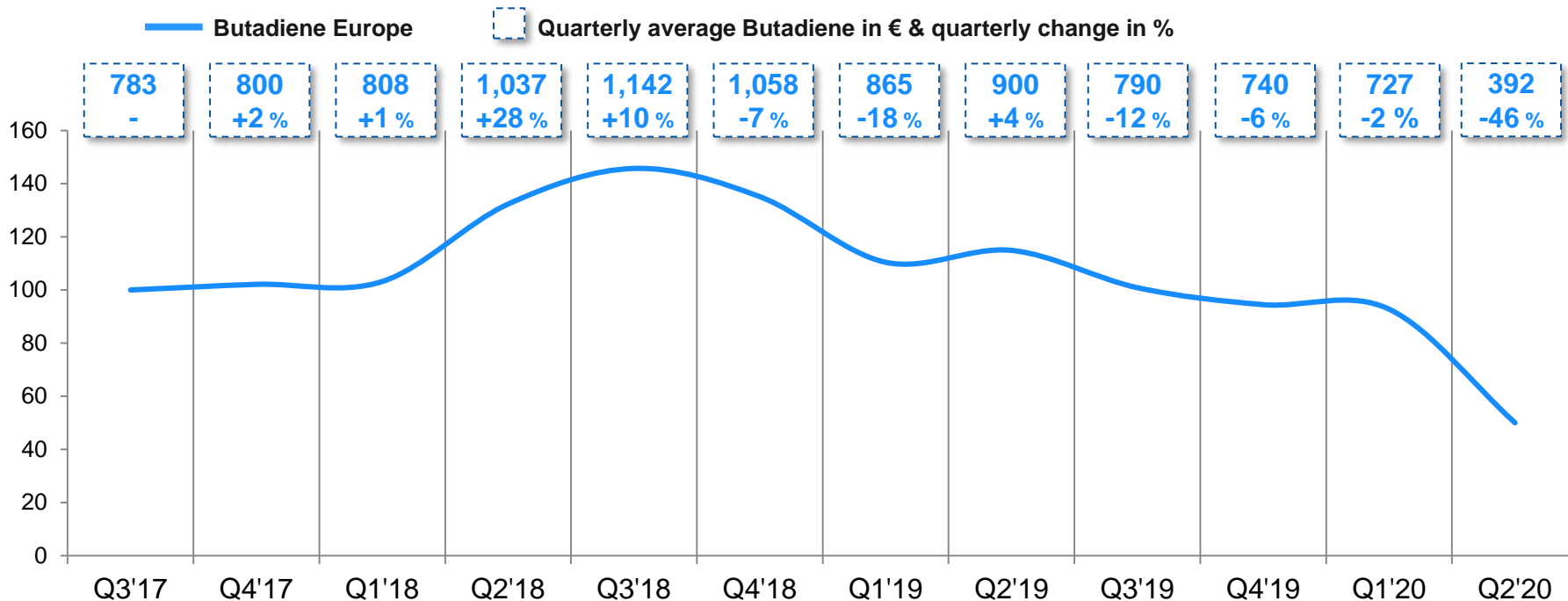
➔ At end of June 2020 (per barrel, base 100 au Q3'17)





# Butadiene price trend

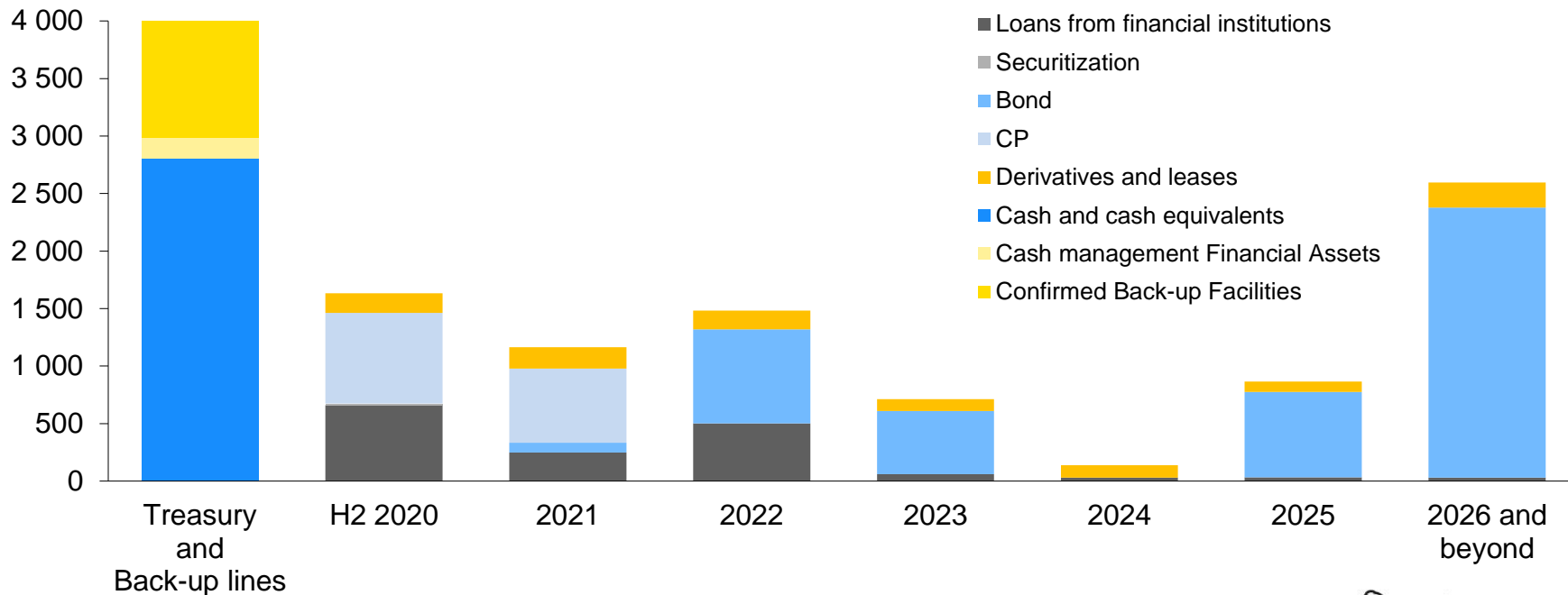
➔ At end of June 2020 (per ton, base 100 in Q3'17)





# A comfortable cash position

## Debt maturities at June 30, 2020 *(carrying amount, in € millions)*



# Outstanding bond issues (as of June 30, 2020)

Issuer	Compagnie Générale des Etablissements MICHELIN	Compagnie Générale des Etablissements MICHELIN	Compagnie Générale des Etablissements MICHELIN	Compagnie Générale des Etablissements MICHELIN	Compagnie Générale des Etablissements MICHELIN	MICHELIN Luxembourg	MICHELIN Luxembourg	MICHELIN Luxembourg
<b>Issue</b>	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note
<b>Type</b>	Bond	Bond	Bond	Convertible	Convertible	Bond	Bond	Bond
<b>Principal Amount</b>	€ 750 mn	€ 1'000 mn	€ 750 mn	\$ 600 mn	\$ 500 mn + TAP \$100 mn	€ 209 mn + TAP € 93 mn	€ 300 mn	€ 300 mn
<b>Offering price</b>	99,099%	99,262%	99,363%	95,50%	100% & 103,85%	98.926% & 118.66 %	99,967%	99,081%
<b>Rating corporation at Issuance date</b>	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	at issuance : BBB+ (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)
<b>Current corporation rating</b>	A- (S&P) ; A3 (Moody's) ; A- (Fitch) --- as of 01/July/2020, S&P and Fitch are sollicitated agencies							
<b>Coupon</b>	0,875% p.a	1,75% p.a	2,50% p.a	ZERO Conv premium 130%	ZERO Conv premium 128%	3,25% p.a	1,125% p.a	1,75% p.a
<b>Issue Date</b>	3-Sept.-18	3-Sept.-18	3-Sept.-18	05/Jan/2018	05/Jan/2017 & 25/Apr/2017	21/Sep/2015 & 27/Sep/2016	19-May-15	19-May-15
<b>Maturity</b>	3-Sept.-25	3-Sept.-30	3-Sept.-38	10-Nov.-23	10-Jan.-22	30-Sept.-45	28-May-22	28-May-27
<b>Interest payment</b>	Annual Sept 03	Annual Sept 03	Annual Sept 03	N/A	N/A	Annual Sept 30	Annual May 28	Annual May 28
<b>ISIN</b>	FR0013357845	FR0013357852	FR0013357860	FR0013309184	FR0013230745	XS1298728707	XS1233732194	XS1233734562
<b>Denomination</b>	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	\$ 200'000 with min. tradable amount \$ 200'000	\$ 200'000 with min. tradable amount \$ 200'000	€ 1'000 with min. tradable amount € 1'000	€ 1'000 with min. tradable amount € 1'000	€ 1'000 with min. tradable amount € 1'000



# Disclaimer



"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with Autorité des marchés financiers, which are also available from the <http://www.michelin.com/eng/> website.

This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or inferred by these statements."



**Edouard de PEUFEILHOUX**  
**Humbert de FEYDEAU**  
**Pierre HASSAÏRI**

**+33 (0)4 63 21 56 90**

27, cours de l'île Seguin  
92100 Boulogne-Billancourt – France

23, place des Carmes Dechaux  
63040 Clermont-Ferrand Cedex 9

*investor-relations@michelin.com*