



NOVEMBER 23, 2020

# ARISTOTLE CAPITAL MANAGEMENT





# Michelin, the global leader in the tyre industry, with €24bn sales in 2019, and a mobility-focused technology expertise



2019 sales contribution of each segment



**Automotive :**

**38%** Replacement

**11%** Original equipment

**Road Transportation : 27%**

**Specialities : 24%**



**MICHELIN** is present in **170 COUNTRIES**



# Michelin, a Group built on a strong identity



## THE MICHELIN BRAND, a legacy of trust

The first removable tire



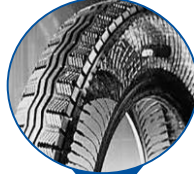
1891

Éclair, the first car with pneumatic tires



1895

The radial tire



1946

The "green tire"

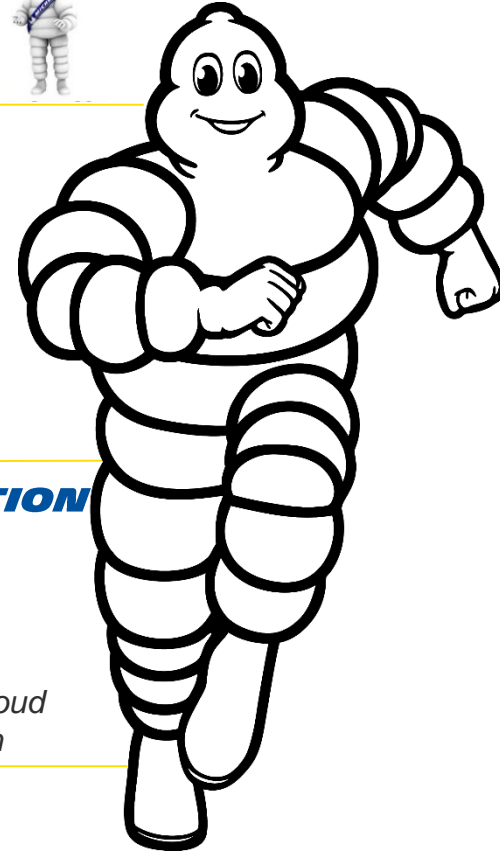


1992

Uptis



2019



Serving customers and respecting the environment **WITH THE POWER OF INNOVATION**



**83%\***

of employees say they are proud and happy to work at Michelin

\* In 2020, up 2 points compared with 2019

# A strong identity embraced by all our stakeholders

## THE POWER OF INNOVATION

- ➔ **Digital:** Winner in the Transformation of Customer Relations category at the 2020 Digital Acceleration Awards (BFM Business)
- ➔ **Connected tires:** Winner of the Tire Manufacturer Producers award at the J2A2020\* Awards (European Rubber Journal\*)
- ➔ **Uptis:** Innovation award and Tire Manufacturer of the Year Award (2020 Tire Technology Expo in Hanover)

\* Journey to Automation 2020 Award

## FINANCIAL STRENGTH AND OPPORTUNITY

15 SELL-SIDE ANALYSTS		S&P	FITCH
Buy	12	Long term A-	A-
Neutral	3	Outlook NEGATIVE	STABLE

## PRODUCT PERFORMANCE

Since 1989, Michelin has been awarded 93\* awards out of the 115 given for OE customer satisfaction

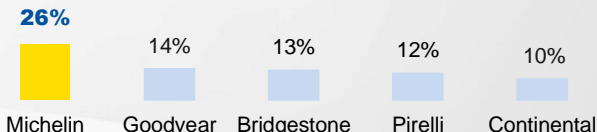
**4 TIMES MORE THAN ALL COMPETITORS COMBINED!**

\* Source: 2019 J.D. Power U.S. OE Tire Customer Satisfaction Study



## BRAND REPUTATION

### Global Brand Power Score\*



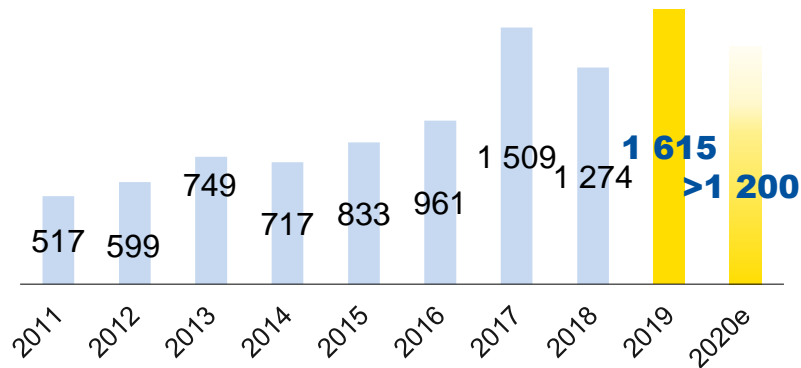
\* Top 5, as a % of the total number of consumers in 2019. BCM study conducted by market research institute Millward Brown, based on the reduced brand list of 8 brands

## ESG PERFORMANCE

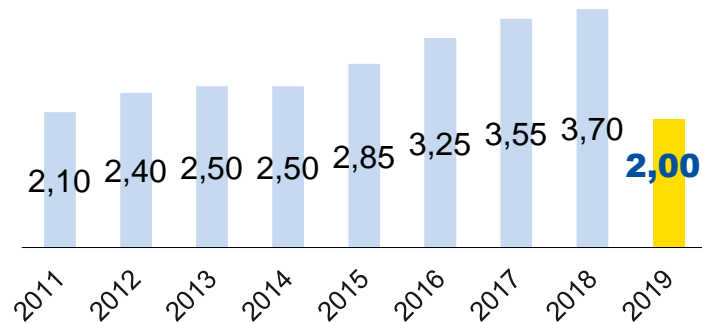
MSCI 2019	AA	CDP 2019	LEADERSHIP
VIGEO EIRIS 2018	A1+	ECOVADIS 2019	GOLD
SUSTAINALYTICS 2018	OUTPERFORMER	ISS-OEKOM 2019	PRIME

# A strong financial track record allowing a minimum 35% pay out ratio

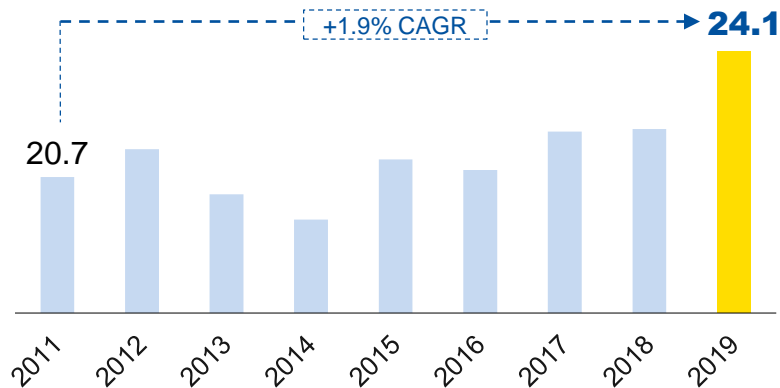
## Free cash flow 2011 – 2020e (in € million)



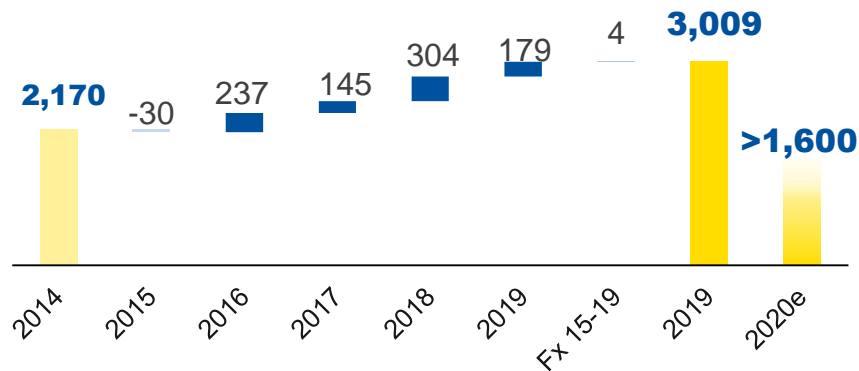
## Dividend per share 2011 – 2019 (in €)



## Sales growth 2011 - 2019 (in € billion)



## Change in SOI 2014 – 2020e (in € millions)

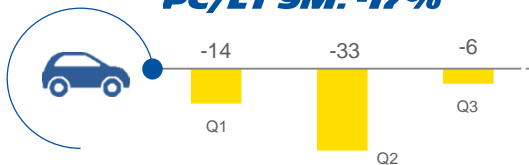




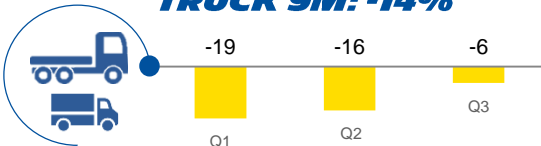
# Michelin proves highly reactive when facing the damages of the Covid-19 crisis

- ➔ An unprecedented fall in worldwide demand

## PC/LT 9M: -17%



## TRUCK 9M: -14%



- ➔ Protecting people and maintaining business with reactivity

### PROTECTING EMPLOYEES

Production stoppages, telecommuting arrangements  
⇒ health measures implemented  
⇒ gradual resumption of operations  
+ high level of vigilance maintained



### SUPPORTING COMMUNITIES

Production and donations of masks and hand sanitizer  
+ donations of tires and free vehicle assistance  
+ financial support and other contributions in kind



### ENSURING BUSINESS CONTINUITY

Price discipline  
Agile savings plan  
Tight cash management compensating a €1bn EBITDA decline in H1 2020  
Confirmation of ratings from the relevant agencies



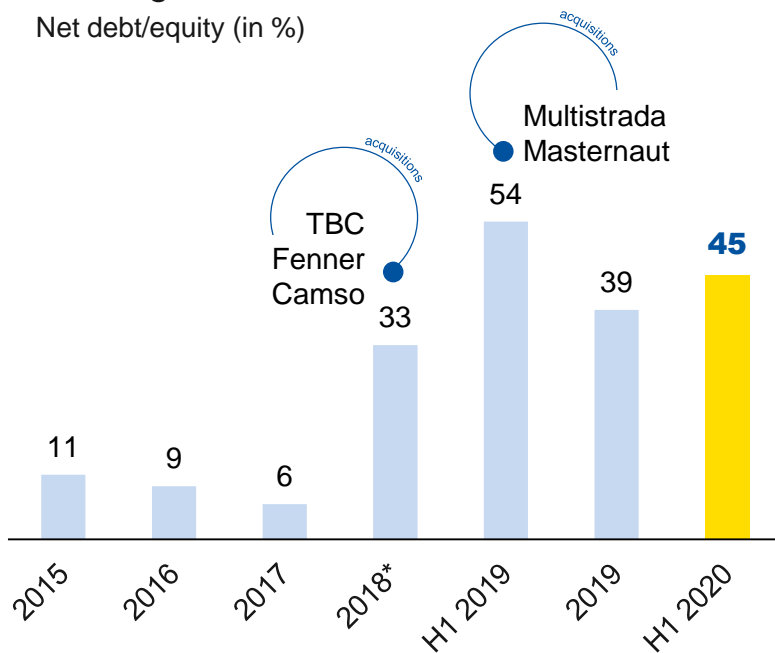


# Despite the economic impact of the Covid-19 pandemic, Michelin's balance sheet remains as strong as before the crisis



## ➔ Gearing

Net debt/equity (in %)



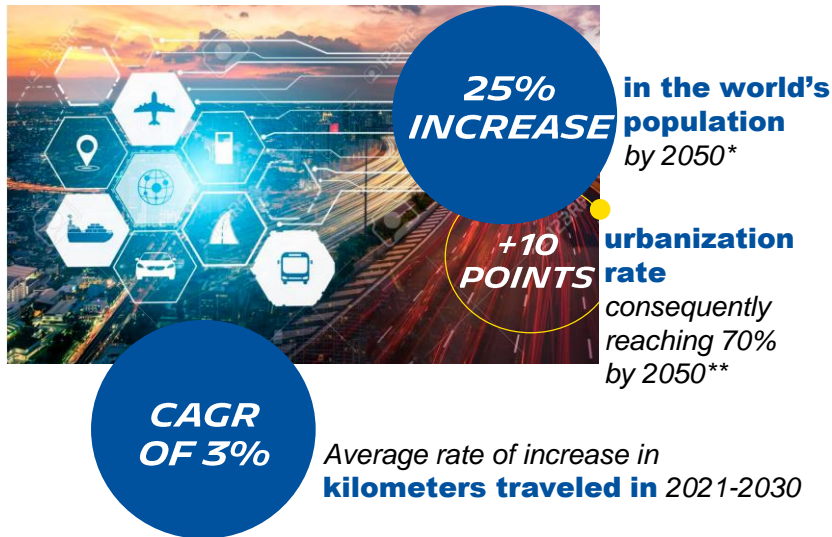
\* 2018 restated for Camso PPA impact on the balance sheet

## ➔ Financial situation at September 2020

- €2.9bn in total cash and cash equivalents at September 30, 2020
- €180m in financial assets – treasury management
- Main short-term debt programs:
  - French Commercial Paper: maximum of €2.5bn, of which €1.4bn has been used
  - US Commercial Paper: maximum of \$0.7bn (unused)
  - Receivables securitization: maximum of €0.5bn, of which €15m has been used
- On October 16, 2020, Michelin refinanced its revolving credit facility in an amount of €2.5bn over 5 years.
- On October 26, 2020, Michelin successfully issued €1.5bn worth of bonds with 8/12/20-year maturities for an average interest rate of 0.32%
- Financial ratings confirmed in June 2020

# A sustained, rapidly evolving need for mobility

## A NEED FOR MOBILITY THAT IS INCREASINGLY SUSTAINABLE



\* Source: United Nations, 2019 World Population Prospects

\*\* Source: United Nations, 2018 Revision of World Urbanization Prospects

## AND UNDERGOING RADICAL CHANGE



**VEHICLES REQUIRING LARGER, MORE TECHNICAL TIRES**



**CLEANER MOBILITY**



**INCREASINGLY DEMANDING END CUSTOMERS**



**B2B CUSTOMERS EXPECTING GREATER PRODUCTIVITY**

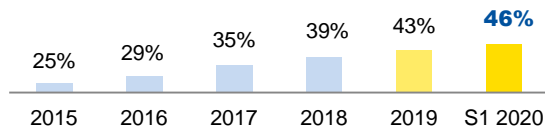


# Backed by its technological leadership, Michelin is better positioned than ever to meet these mobility needs

## LEADER IN 18-INCH AND LARGER TIRES

Wide range of tires delivering high performance whether new or worn, and appreciated by our customers

Contribution of 18-inch and larger tire sales to MICHELIN brand sales (in tonnes)



## LEADER IN CLEAN MOBILITY

Products suited to the specific requirements of electric vehicles

and a ramp up of strategic projects



Hydrogen



Circular economy



Reducing CO<sub>2</sub> emissions

## CUSTOMER SERVICE DRIVING MICHELIN'S STRATEGY

Continuous improvement in manufacturing and logistics performance

Digital manufacturing and AI



Local to local



and unrivaled market access

Approx. **7,500** dealerships\*

## AN OPTIMIZED OFFERING FOR FLEET AND THEIR PRODUCTIVITY

High-performance, technology-packed products,



MICHELIN XDR3



MICHELIN Evobib



MICHELIN X@MULTI™ HLZ



MICHELIN X@MULTI™ HLT

connected to optimize their use and increase productivity



\*Directly owned or franchises

# Capitalizing on our expertise in high-tech materials to achieve significant growth in new, value-creating business areas

## ● Michelin, leader in groundbreaking innovations

### ➔ FLEXIBLE COMPOSITES

#### ➔ Rubber goods



#### ➔ Bio-based and clean materials



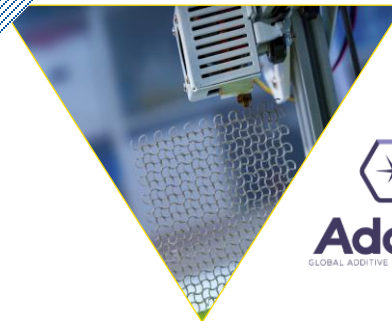
#### ➔ End of Life Tire recycling



### ➔ HYDROGEN MOBILITY



### ➔ ADDITIVE MANUFACTURING





# Michelin invites you to join us on April 8, 2021



On ***CAPITAL MARKET DAY***, Michelin will present:

- **Its new strategic plan** along with its **growth** and value **creation** objectives in relation with Tires, Services and High-Tech Materials
- **Levers for continuous improvement of its competitiveness**
- **Its financial commitments and ESG goals for 2023 and 2030**







# Avertissement



" Cette présentation ne constitue pas une offre de vente ou la sollicitation d'une offre d'achat de titres Michelin. Si vous souhaitez obtenir des informations plus complètes concernant Michelin, nous vous invitons à vous reporter aux documents publics déposés en France auprès de l'Autorité des marchés financiers, également disponibles sur notre site Internet <http://www.michelin.com>.

Cette présentation peut contenir certaines déclarations de nature prévisionnelle. Bien que la Société estime que ces déclarations reposent sur des hypothèses raisonnables à la date de publication du présent document, elles sont par nature soumises à des risques et incertitudes pouvant donner lieu à un écart entre les chiffres réels et ceux indiqués ou induits dans ces déclarations."



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