

MICHELIN

Capital
Markets
Day **21**

April 8,
2021



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Capital
Markets
Day

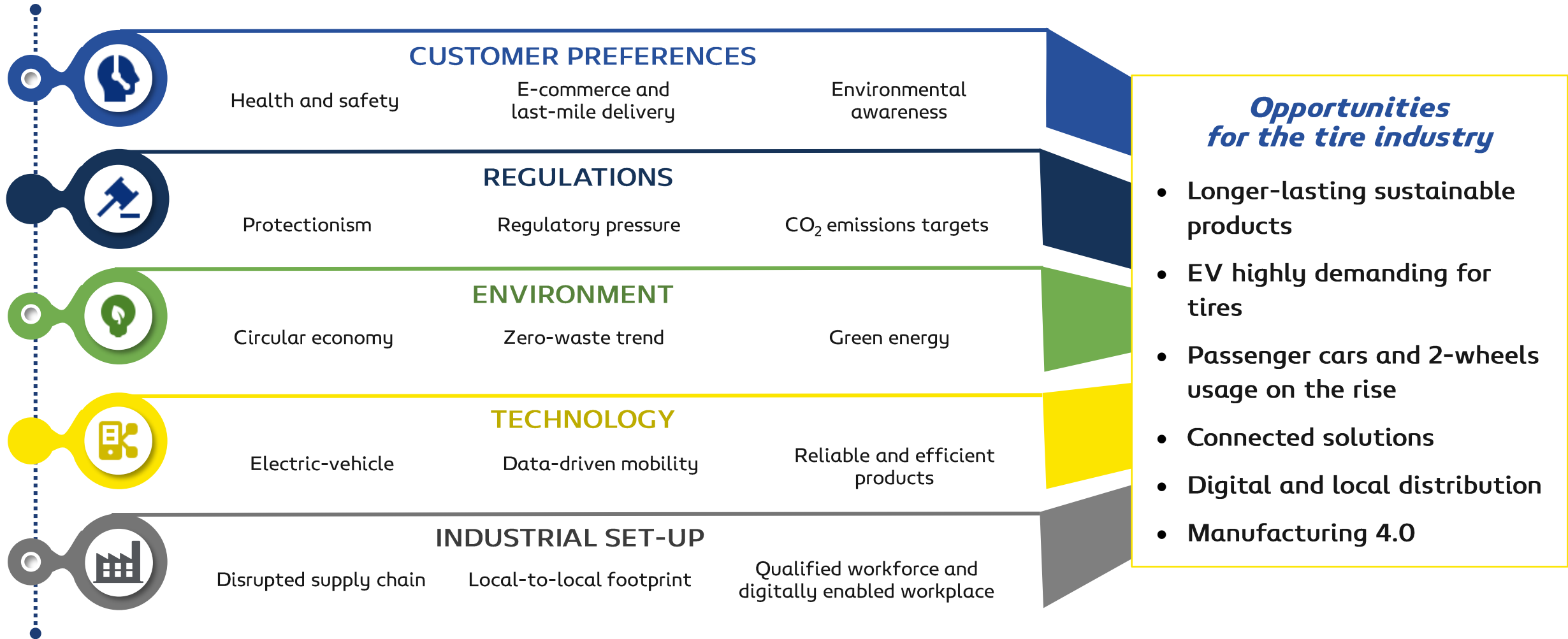
21



**THE NEW POST-COVID MOBILITY
WORLD IN TIRES: ALIGNED WITH
UPCOMING TRENDS**



3 LONG-LASTING COVID-19 REPERCUSSIONS WILL GENERATE OPPORTUNITIES



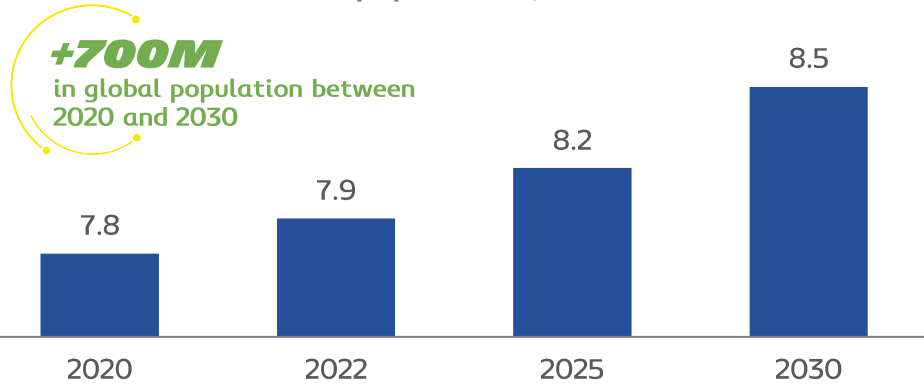


MACRO TRENDS FUELING DEMAND FOR MOBILITY



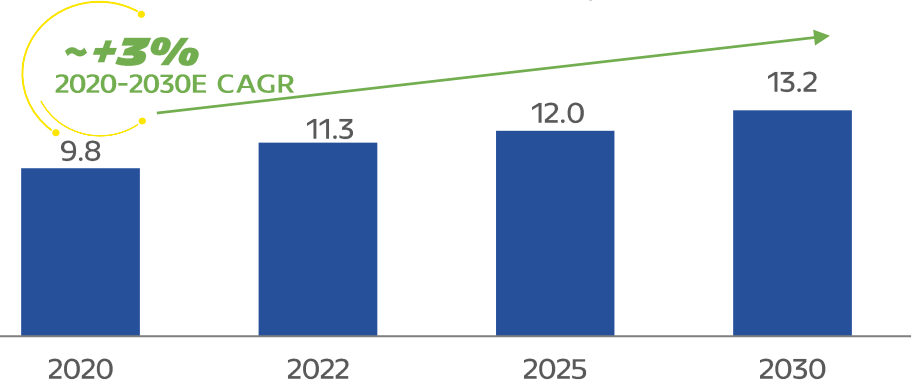
GROWING GLOBAL POPULATION

World population (*billion*)

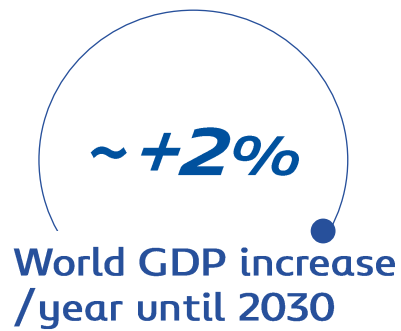
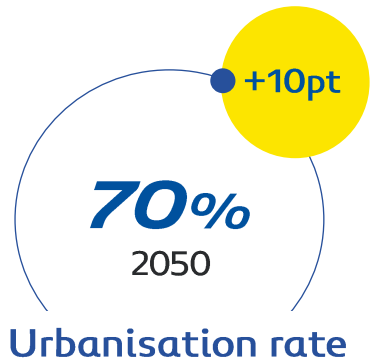


MILES DRIVEN ON THE RISE

Miles driven – Car Global Driven (*billion miles*)



INCREASING URBANIZATION AND GLOBAL WEALTH



TIRE MARKET MID-TERM GROWTH POTENTIAL

Tire market estimated long-term growth potential:

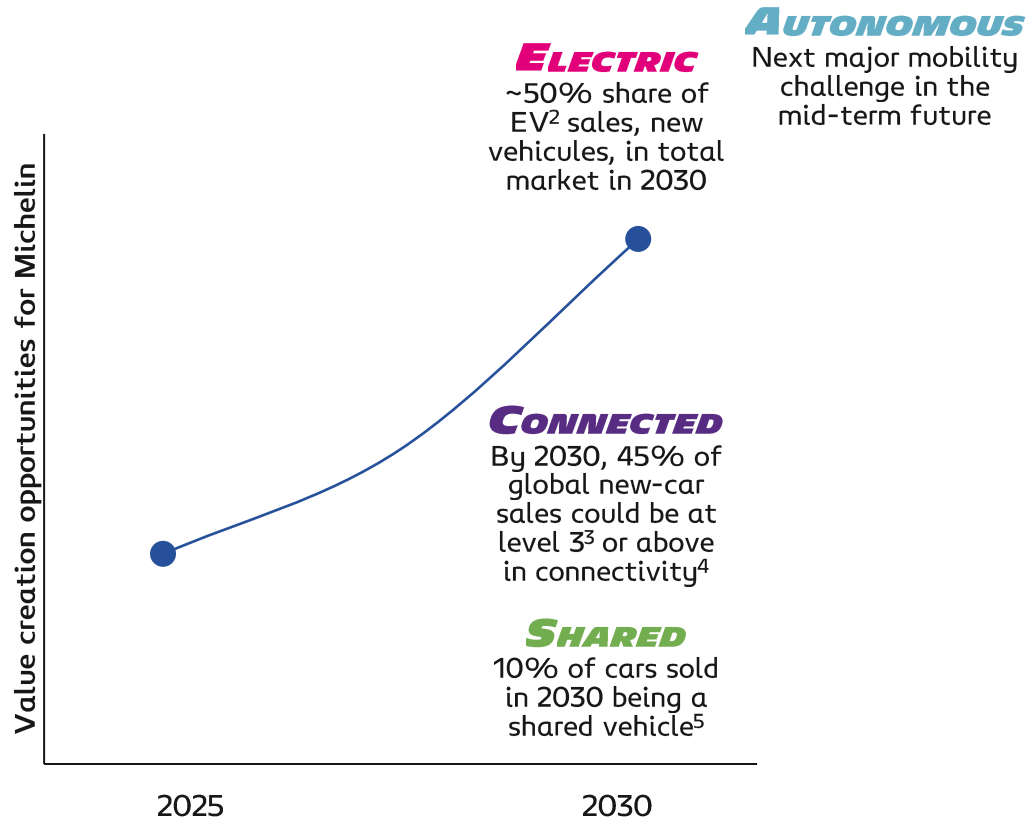
- +0% to +2% per year in mature markets
- +2% to +4% per year in emerging markets



THE FUTURE OF MOBILITY ENABLES US TO FURTHER STRENGTHEN OUR TECHNOLOGICAL LEADERSHIP



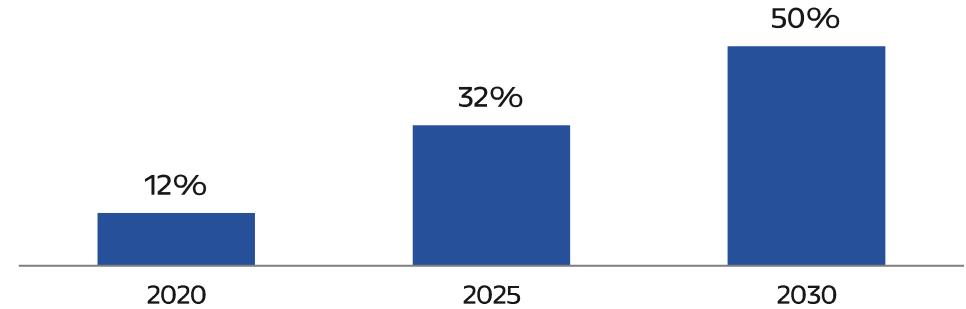
C.A.S.E¹ MOBILITY TRENDS



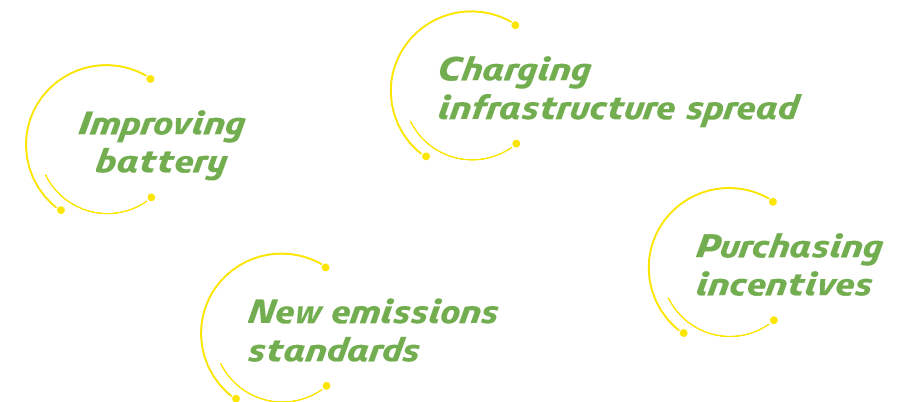
Notes: 1 C.A.S.E: Connected, Autonomous, Shared, Electric
 2 EV: Electric Vehicle (hybrid, battery-powered and fuel cell-powered)
 3 All occupants enjoy personalized controls, their own infotainment content and targeted contextual advertising
 4 Source: McKinsey, The future of mobility is at our doorstep
 5 Source: McKinsey, Automotive revolution - perspective towards 2030



STRONG GROWTH IN ELECTRIC-VEHICLES MARKET SHARE IN THE GLOBAL NEW VEHICLE MARKET



ELECTRIC MOBILITY IS THE MAJOR TREND DRIVING PASSENGER CARS MARKET GROWTH

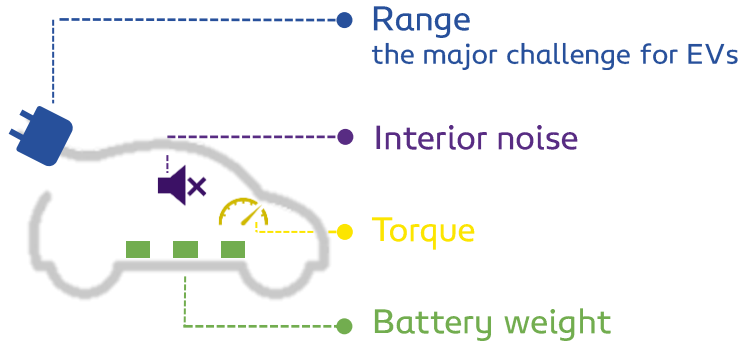




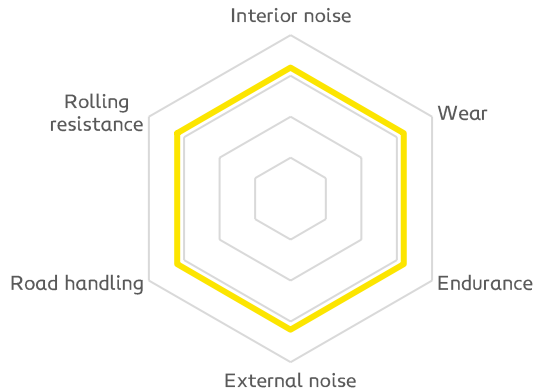
EV¹ MARKET: A STRONG OPPORTUNITY FOR MICHELIN TO DEMONSTRATE ITS TECHNOLOGICAL LEADERSHIP



VEHICLE ELECTRIFICATION CHALLENGES



TIRES FOR EV: INCREASE DEMAND FOR PERFORMANCE



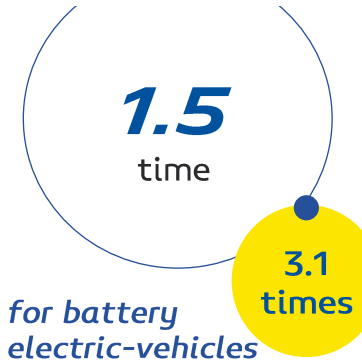
High-performance solutions

aligned with EV needs



OFFER FULLY ALIGNED WITH OPPORTUNITY

Michelin EV Original Equipment share / Total ORIGINAL EQUIPMENT share

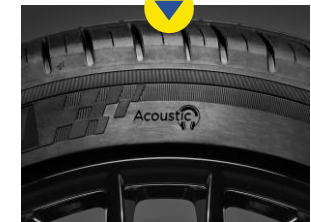


● EV Original Equipment/Replacement loyalty rate

HL TIRES (High Load)

1ST TIRES in the coming weeks

ACOUSTIC TECHNOLOGY

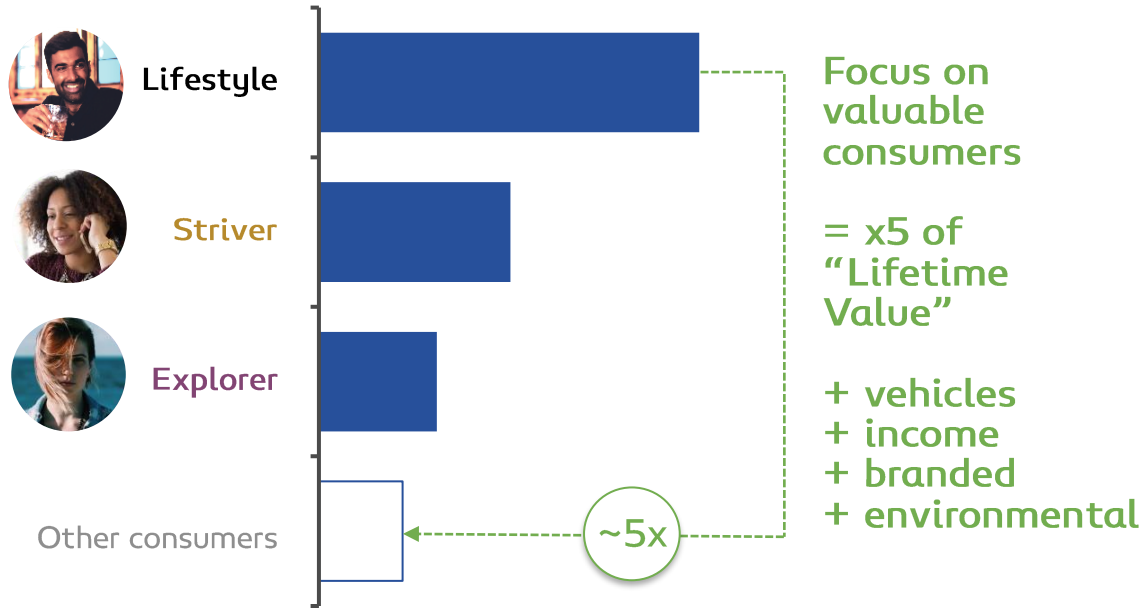


Notes: 1 EV: Electric Vehicle (hybrid, battery-powered and fuel cell-powered)
2 ICE: Internal Combustion Engine

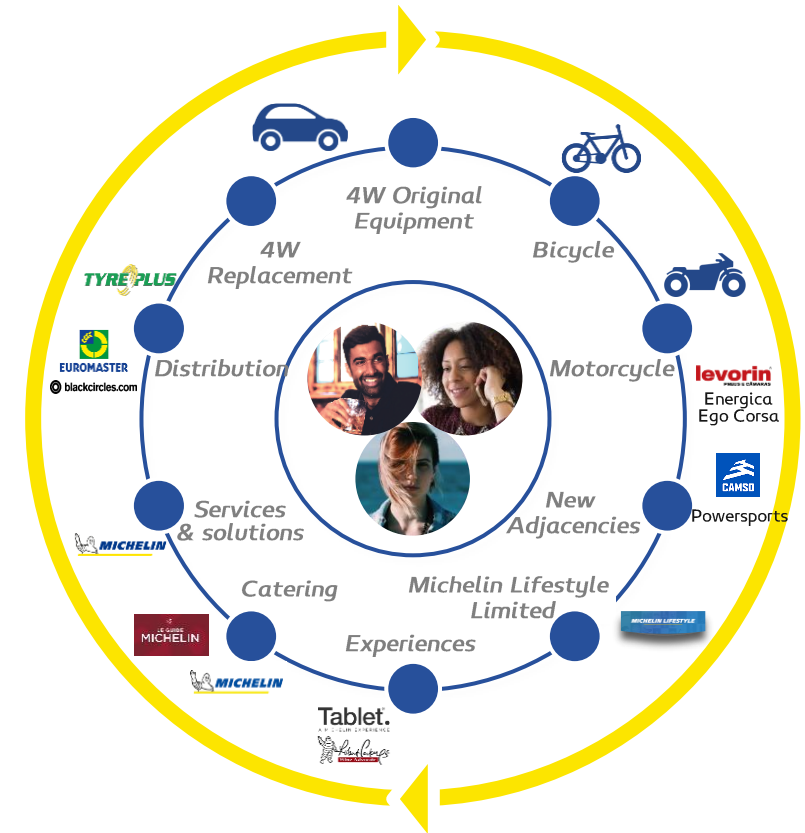


PASSENGER CARS – TARGETING MOST VALUABLE AND LOYAL CONSUMERS

A VALUE ORIENTED CUSTOMER SEGMENTATION



LEVERAGE ALL THE GROUP'S B2C ASSETS



Activate all group assets to increase customers retention and lifetime value

Develop the potential of "Data-Driven Marketing": Leverage segmentation attributes and statistical analysis to "profile" and better target consumers

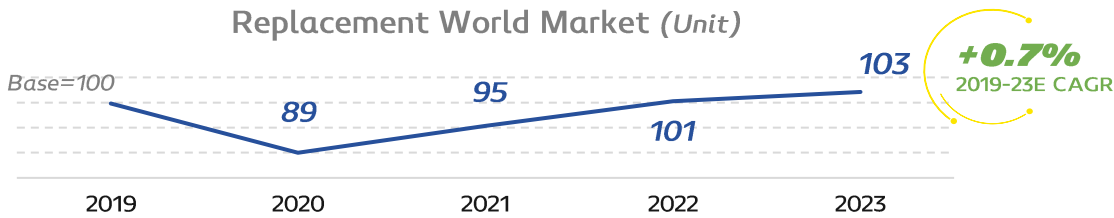
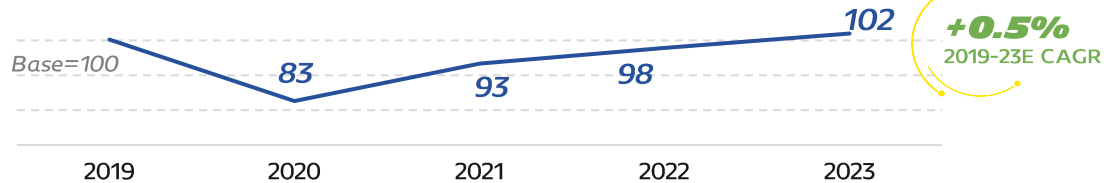


PASSENGER CARS – STEADY GROWTH WITH STRONG MIX ENRICHMENT



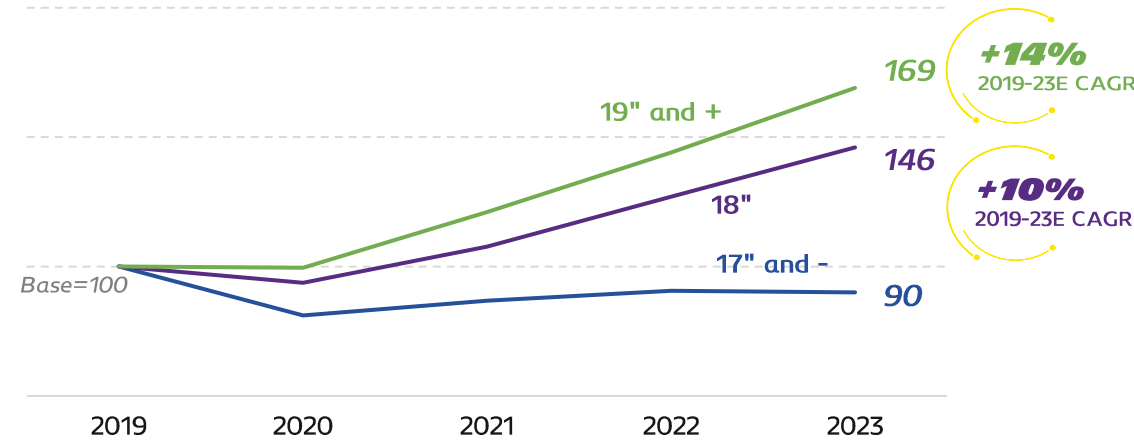
PASSENGER CAR MARKETS TREND

Original Equipment World Market (unit)



PASSENGER CAR MARKET BY RIM DIAMETER

Original Equipment + Replacement Market by Diameter (unit)



GROWTH



Significant increase in 19"+ tires demand
3x more SKUs 19" by 2025



SIMPLEXITY



Cost optimization and simplification of Michelin's catalog
Late differentiation in the production process



MARGIN



Strong and sustained mix enrichment



Segment operating margin: **>12% BY 2023**

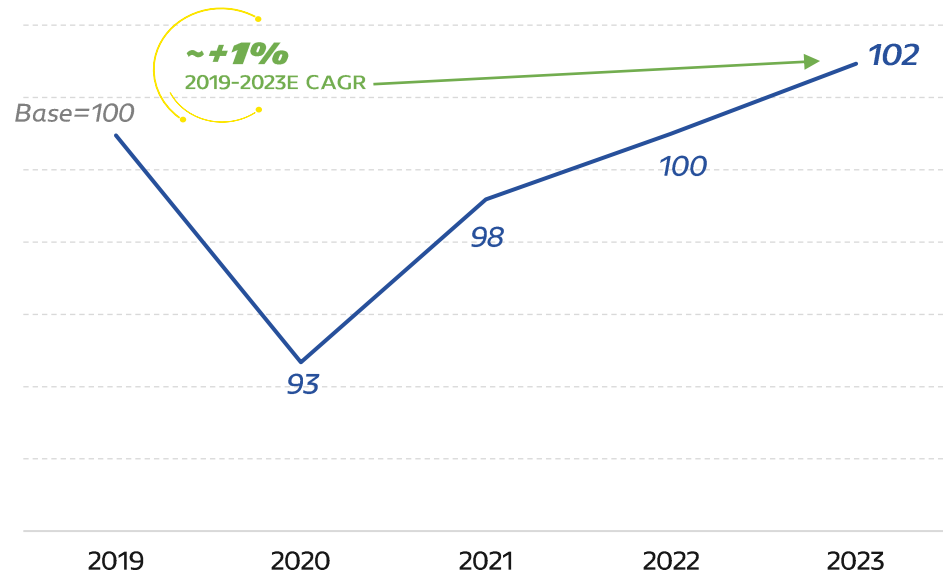


TRUCKS – RECOVERY PERSPECTIVES DRIVING VALUE CREATION FOR MICHELIN

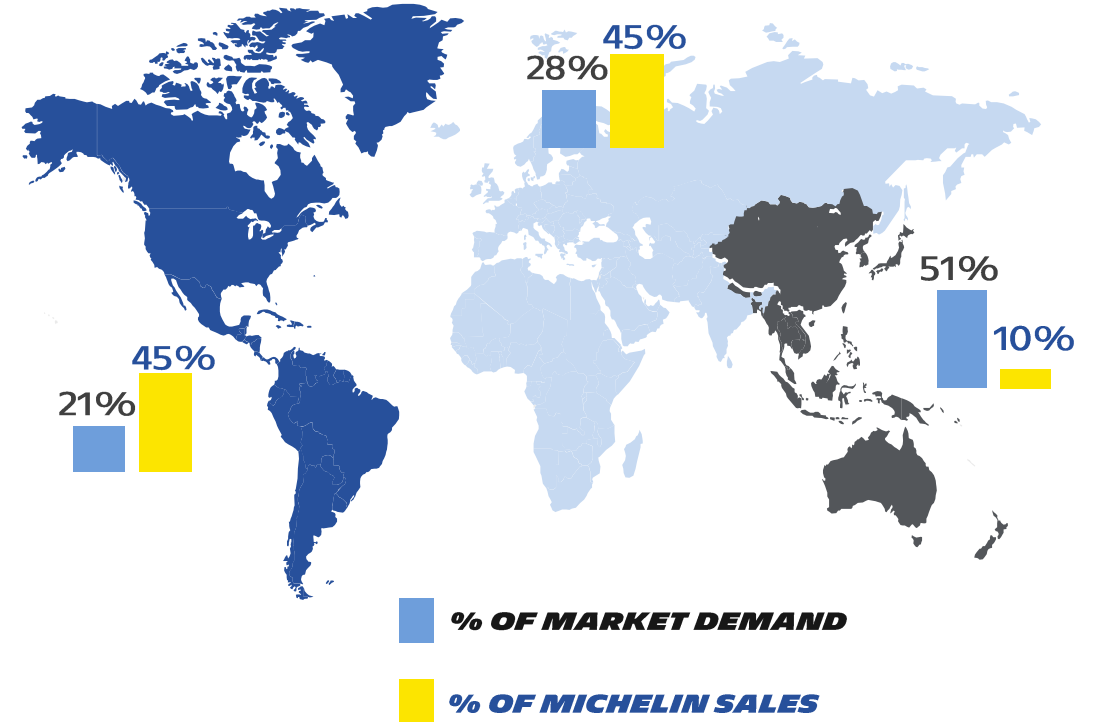


TRUCK TIRE MARKET TREND

Worldwide market (units)



2020 TRUCK TIRE MARKET AND SALES GEOGRAPHICAL DISTRIBUTION



Innovating in new Solutions & Services in Americas and EMEA

Capturing the pockets of value creation in Asia



TRUCKS – NEW CHALLENGES AHEAD FUELING GROWTH OPPORTUNITIES ON VALUE CREATIVE MARKETS

Fleets in search of increased efficiency

Additional perspectives with connected vehicles



Sustainable transportation acceleration

Original Equipment with the new Vecto standards



“Last mile delivery” acceleration

E-commerce: +36% of professional vehicles in the city center by 2025*



Connected solutions focused on efficiency

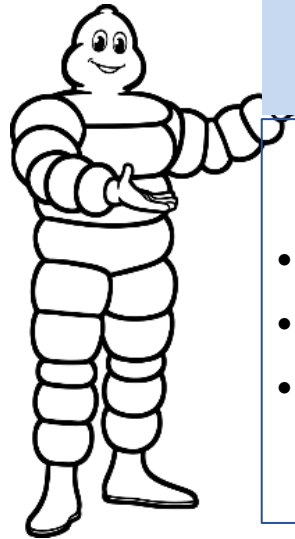
- Uptime optimization
- Reduction of maintenance costs
- Tracking, routing, etc.

Solutions to improve environmental footprint

- New optimized products :
 - Rolling resistance
 - Sustainable material rate
 - Long-lasting performance
- Reinforcement of retreading
- Michelin Green Mobility

Targeted offers for “last-mile” fleets

- Renewal of the offer
- Bespoke solutions for "last mile" fleets:
 - Tire delegation
 - Fleet management



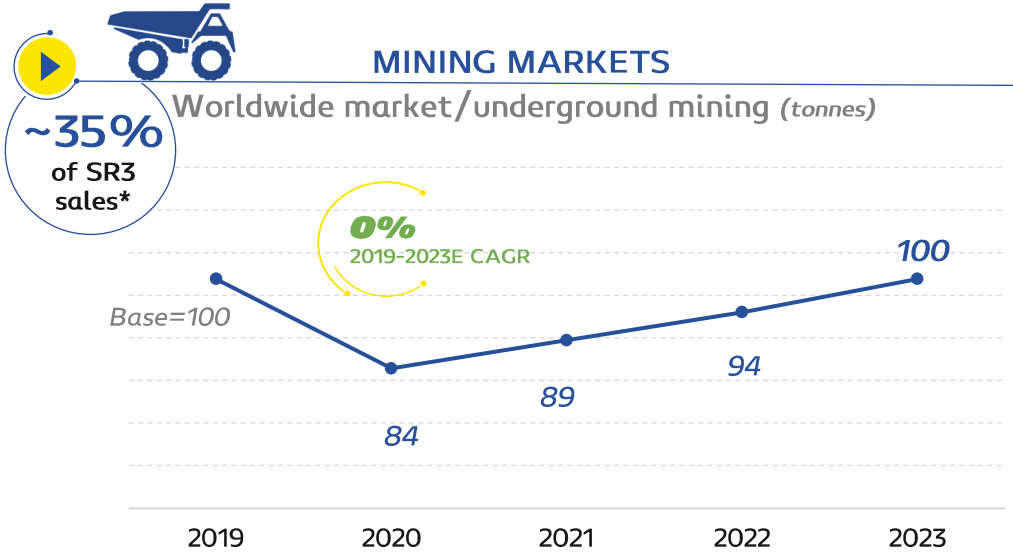
* Source: Accenture Research



Segment operating margin: **>10% BY 2023**



MINING AND 2-WHEELS – STRUCTURALLY GROWING MARKETS UNDER INCREASING ENVIRONMENTAL INFLUENCE

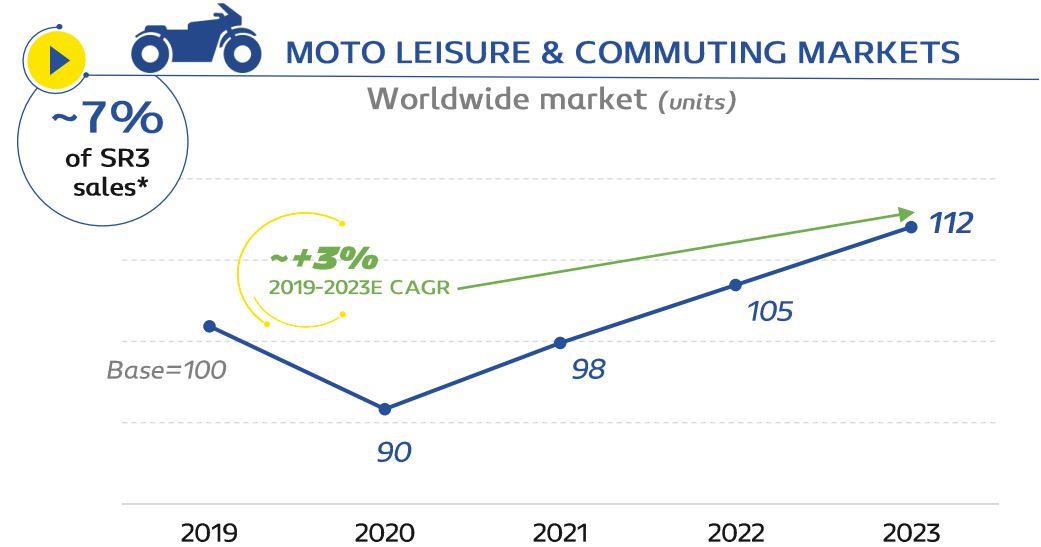


2019-2030 CAGR: c. +3%

Sustained mineral prices

Economic recovery, Iron Ore, Copper and Metallurgical Coal return to pre-COVID demands by 2022

Thermal Coal demand, to which Michelin is underexposed, impacted by accelerating clean energy and electrification trends



Volume and value growth: use of bicycles and scooters to increase up to 10% by 2030

Sanitary shelter and electrification effects

Emergence of new winning players

* 2019 sales



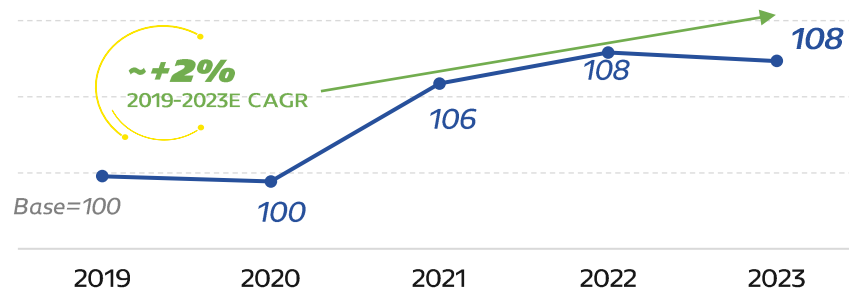
AGRICULTURE AND CONSTRUCTION – MARKETS WITH POSITIVE RECOVERY OUTLOOK, RAPIDLY EXCEEDING 2019 LEVELS




~12%
of SR3
sales**

AGRICULTURE MARKETS

Worldwide* market (units tires & tracks)



Long-term CAGR: c. +3%

Favorable cyclicality

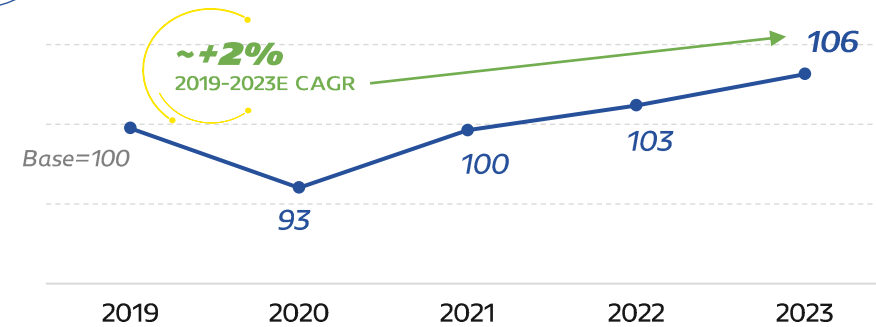
OE cycle high anticipated in 2022



~12%
of SR3
sales**

CONSTRUCTION MARKETS

Worldwide market (units)



Recovery following adverse cycle in construction

Government Support Program

* Market excluding China and India
** 2019 sales



SPECIALTIES – POSITIONED TO CAPTURE CYCLE UPSIDE THROUGH DIFFERENTIATION

Product Differentiation

- Performance and braking
 - Wet grip, new and used
-
- Tire resistance
 - Connected tire (e.g., MEMS or TPMS)
-
- Increase in charges carried and driving speeds
 - Reduction of compaction of agricultural soils
-
- Lower energy and CO₂ consumption
 - Mass efficiency
 - Recyclable products

MICHELIN XDR – 63"



MICHELIN CEREXBIB 2



Service Differentiation

- On-site auditing
-
- On-site inspections and connected preventive maintenance
-
- Real time monitoring of mining and agricultural tires
 - Engineering (e.g., conveyors)
-
- End-of-life products management

SAFETY

OPERATIONS CONTINUITY

OPERATIONS PRODUCTIVITY

SUSTAINABILITY

ON-SITE INSPECTION AND MAINTENANCE



RECYCLING



→ Segment operating margin: **>17% BY 2023**

3 DISTRIBUTION: A CUSTOMER CENTRIC STRATEGY ENABLED BY STRATEGIC PARTNERSHIPS WITH DISTRIBUTION NETWORKS

A CUSTOMER EXPERIENCE MINDSET

1 Being present in all distribution channels

2 Delivering a consistent online/offline customer experience

3 Improving customer experience with tire related products and services

AN AGILE AND ASSET LIGHT MODEL



B2C

Developing digital and franchise

blackcircles.com



B2B

Superior service and maintenance





ENVIRONMENTAL AWARENESS ALL ALONG MICHELIN'S PRODUCT LIFECYCLE

RAW MATERIALS
Sustainable natural rubber supply



MANUFACTURING
Reducing impact



LOGISTICS
Reduction of carbon footprint

MATERIALS RECYCLING
Recycling systems / Circular economy



USE OF PRODUCTS AND SERVICES

63% TO 96% OF THE LIFE CYCLE IMPACT

Low rolling resistance – reduce CO₂ emissions
Safe when new, safe when worn

ENERGY RECOVERY

END OF LIFE

RETREADING

Substantial savings in raw materials



DEVELOPING TECHNOLOGICAL PRODUCTS FOR A BETTER PROTECTION OF THE ENVIRONMENT



ENGAGEMENT ON SAFE AND SUSTAINABLE PRODUCTS AND MATERIALS

MICHELIN e.PRIMACY

1ST tire on the market for which an Environmental Product Declaration (EPD) has been issued



Voted **BOTH** "Best Tire of the Year" and "Jury Favorite" in the Green Innovation category at the 2020 Automobile Awards

174 KG of benefit for the planet (CO₂ emissions reduction over the tire lifecycle)



Michelin best-in-class sustainable products

Truck
MICHELIN X-MULTI



Mining
MICHELIN XDR 3



Agro
MICHELIN CEREXBIB 2



Material Handling
SOLIDEAL PON - 775



2 Wheels
MICHELIN CITY GRIP



Aircraft
MICHELIN AIR X



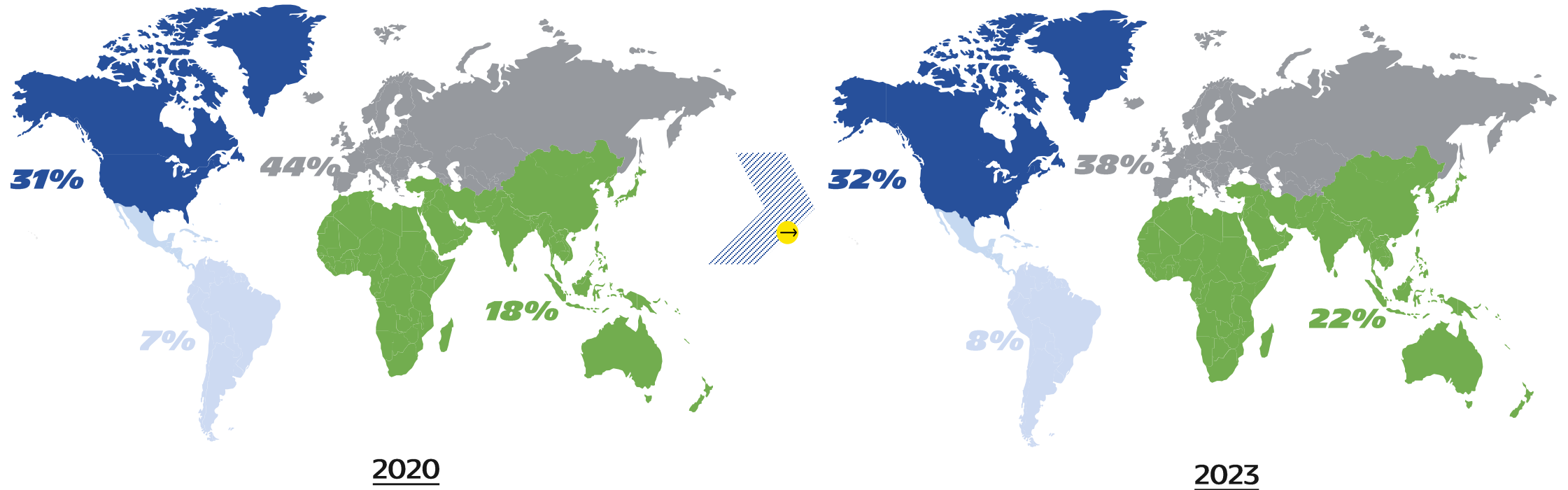


COMPETITIVENESS PLAN – REBALANCING OUR INDUSTRIAL FOOTPRINT TO BECOME MORE LOCAL-TO-LOCAL



(% of Industrial Capacities)

SEIZING EMERGING MARKETS POSITIVE MOMENTUM



Increase local-to-local ratio
Reducing stock and CO₂ emissions
Best-in-class supply chain



MANUFACTURING COMPETITIVENESS PLAN: 4.0 PLANTS TO MAKE OUR INDUSTRY MORE PRODUCTIVE AND FLEXIBLE

Automation
Artificial
Intelligence

Flexibility
Simplicity
Process
Standardization

DIGITAL
MANUFACTURING

MASSIFYING
FLAGSHIP
PLANTS

OPERATIONAL
EXCELLENCE

MATERIAL
COST
REDUCTION

€80M
productivity
gains /year
net of inflation
2020-2023

Reactivity
Cost optimum
*In 2025, 16 sites will
have a production
capacity above 100Kt
with average capacity
of 140Kt*

Design to cost
Scrap reduction
Upstream gains



SG&A TIRE COMPETITIVENESS PLAN: €125M GAINS NET OF INFLATION OVER 2020-2025, €65M BY 2023



Leveraging new technologies (AI)

Digitalizing activities

Optimizing footprint

Standardizing best practices

Decision making closer to customer

Developing shared service centers

Reengineering end to end processes



MICHELIN'S TIRE BUSINESS WINNING STRATEGY



KEY SPECIFIC DRIVERS TO WIN

Passenger Cars/Light Trucks	Trucks	Specialties
<ul style="list-style-type: none">Target strong pockets of product (19" and + tires) and customer value2023 Margin Target: >12%	<ul style="list-style-type: none">Product and service differentiation to address new challenges2023 Margin Target: >10%	<ul style="list-style-type: none">Positioned to capture cycle upside2023 Margin Target: >17%

AN AGILE TRANSVERSAL STRATEGY





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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."



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IoT

Internet of Things

Structural free cash flow

It corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw material costs on trade payables, trade receivables and inventories

ROCE

In the 2016-2020 Plan, ROCE was calculated as

- Net operating profit after tax (NOPAT), calculated at a standard tax rate of 25% in 2020 and 26% in 2019, corresponding to the Group's average effective tax rate;
- Divided by the average economic assets employed during the year (excluding equity-accounted companies), i.e., all of the Group's intangible assets (excluding acquired intangible assets), property, plant and equipment, loans and deposits, and net working capital.

As from 2021, ROCE will be measured by the Group by adding back

- Amortization of acquired intangible assets and profit from equity-accounted companies to the numerator and
- Goodwill, acquired intangible assets and investments in equity-accounted companies to economic assets in the denominator.

Tire Sales

Correspond to sales related to the core activity of Michelin including Tire as a Service (TaaS) and Distribution

Non Tire sales

Correspond to Services and Solutions sales (excl. TaaS and Distribution), and High-Tech Materials activities sales excluding JVs