

MICHELIN

Capital
Markets
Day **21**

April 8,
2021



MICHELIN

Capital
Markets
Day

21

5

**2030 VISION
2023 FINANCIAL TARGETS**



THE 2019 STRATEGY STATEMENT AND NEW DYNAMICS FROM THE POST COVID WORLD HAVE SERVED AS A FRAMEWORK TO SHAPE OUR 2030 STRATEGY



SUSTAINABLE GROWTH

By 2030, Michelin generates sustainable growth, creating balanced value between People, Profit and Planet



UNIQUE CAPABILITIES

Through our unique capabilities...

Strong Value

Brand

Technical expertise

Innovations

Customer expertise



DIFFERENTIATED PRODUCTS & SERVICES

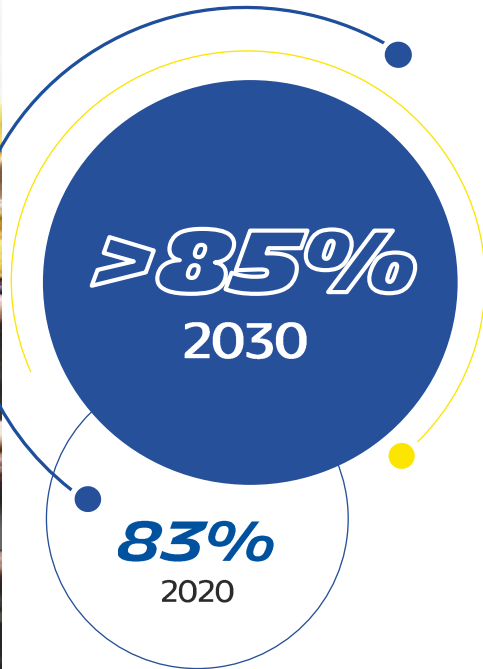
...we develop differentiated mobility and high-tech material-based products & services along with travel recommendations, that improve life in motion for individuals, businesses and external stakeholders

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RESPONSIBLE EMPLOYER: TAKING CARE OF THE WELL-BEING AND DEVELOPMENT OF ALL EMPLOYEES



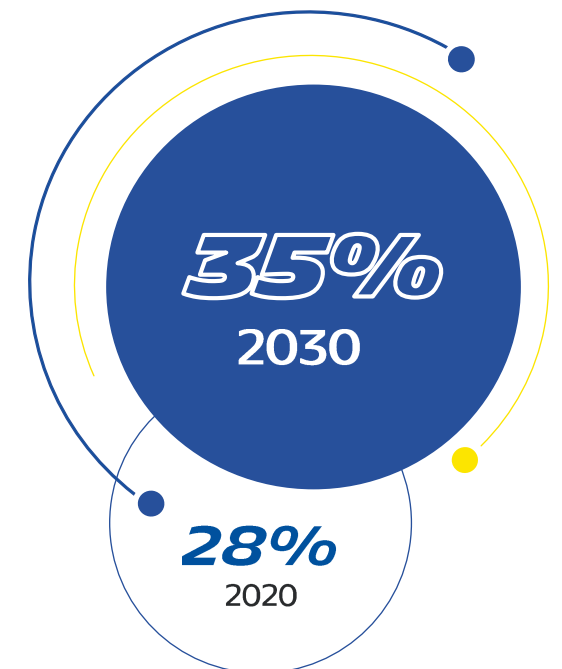
ENGAGED TEAMS:
INCREASING
ENGAGEMENT RATE



100% HEALTH
AND SAFETY:
REDUCING TCIR*



COMMITTED TO DIVERSITY:
HAVING MORE WOMEN IN
THE MANAGEMENT



* Total Case of Incident Rate



2030 ENVIRONMENTAL AMBITION: ON THE PATH TO REACH CARBON NEUTRALITY



Scope 1 & 2

Shifting towards clean energy



Reduction in energy consumption

2030

-50% CO₂ emissions vs 2010

2050

CARBON NEUTRALITY

Scope 3 logistic

Less, better and differently

2030

-15% CO₂ emissions vs 2018

2050

CARBON NEUTRALITY

Scope 3 supply chain

2024

70% of suppliers having science-based targets

Suppliers setting ambitious reduction targets

2050

CARBON NEUTRALITY



ON THE PATH TO REACH FULL CIRCULARITY OF PRODUCTS WITH 40% OF SUSTAINABLE RAW MATERIALS IN 2030, 100% IN 2050



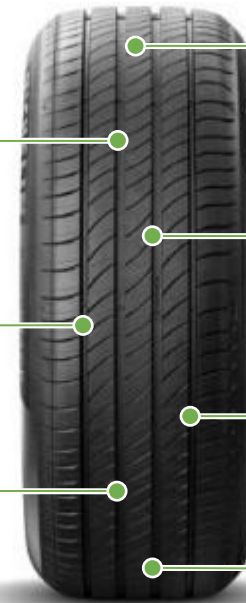
NATURAL RUBBER



PLASTIFIERS/RESINS



TEXTILES



SYNTHETIC RUBBER



CHARGES



METALS



OTHER



In 2021, we will race with a Moto E tyre made of 40% sustainable materials



* European project funded by Horizon 2020, project number: 82068
** With the support of ADEME (ADEME: French Environment & Energy Management Agency)



2030 FINANCIAL AMBITIONS – COMBINING GROWTH AND VALUE CREATION

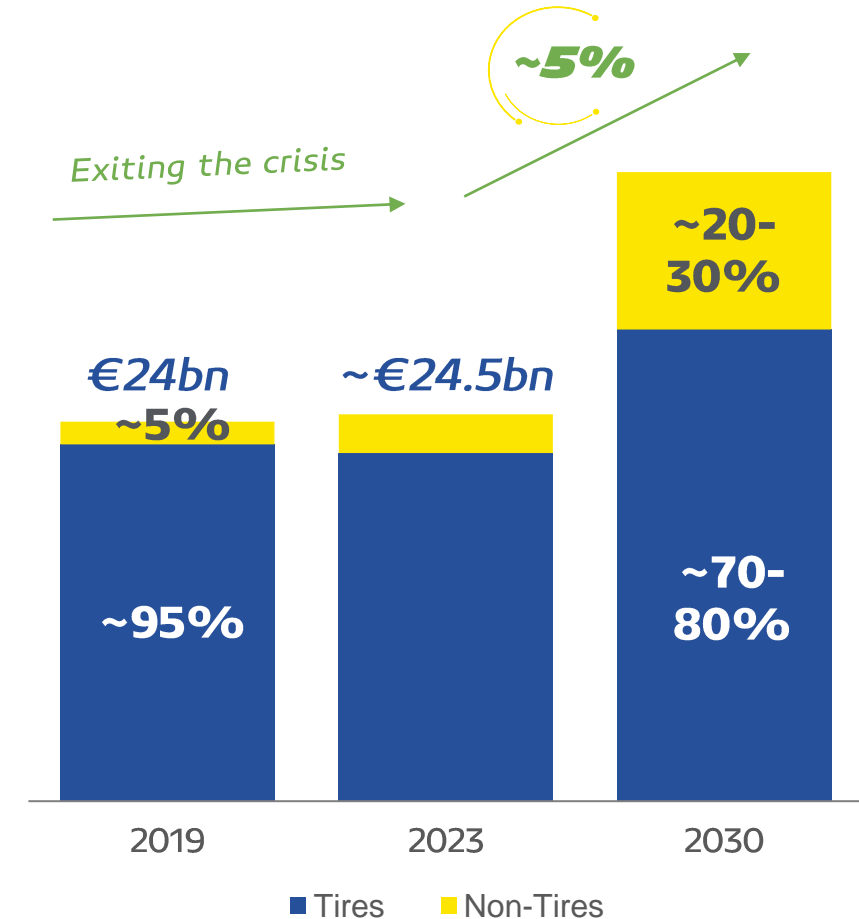


STRATEGY

<p>SUBSTANTIAL GROWTH</p> 	<ul style="list-style-type: none"> • Strong sales growth by 2030 notably driven by new growth avenues, +5% CAGR from 2023 to 2030 • New growth avenues to account between ~20-30% of sales by 2030
<p>FOCUS ON VALUE-ACCRETIVE MARKETS</p> 	<ul style="list-style-type: none"> • Consistent growth in tires in line with historical performance and market forecasts • Reinforced development into high-growth markets in which our expertise can deliver significant synergies
<p>INCREASING OUR RESILIENCE</p> 	<ul style="list-style-type: none"> • Build a richer products and solutions portfolio • Improved mix between cyclical and stable markets • More balanced geographic exposures
<p>FINANCIAL VALUE CREATION</p> 	<ul style="list-style-type: none"> • Value creation with ROCE at >+10.5% at Group level • Significant improvement in tire margins



SALES TARGETS*






























* Sales excluding joint-ventures





2030E VISION – DETAILED STRATEGIC SCORECARD

	AMBITION	METRICS	2030 SUCCESS
 People	 Be world-class in employee engagement	 Engagement rate	>85%
	 Be world-class in employee safety	 TCIR	<0.5
	 Be a reference in diversities and inclusion of teams	 IMDI	80 points over 100
	 Be best-in-class in value created for customers	 NPS partners and NPS final customers	+10 and +5 pts respectively
 Profit	 Deliver substantial growth	 Total sales	5% CAGR 23-30
	 Deliver continuous financial value creation	 ROCE	>10.5%
	 Maintain Michelin brand power	 Brand vitality quotient	+5 pts vs 2021
	 Maintain best-in-class innovation pace in products and services	 Offers vitality index	>30%
 Planet	 Reach carbon neutrality by 2050 (manuf. and energy)	 CO2 emissions scopes 1&2	(50%) vs. 2010
	 Contribute to reaching carbon neutrality (usage)	 Products energy efficiency (scope 3)	+10% vs. 2020
	 Be best-in-class in environmental footprint of industrial sites	 i-MEP	-1/3 vs. 2020
	 Reach full circularity of products by 2050	 Sustainable Material Rate	40%

TCIR = Total Case Incident Rate ; IMDI = Inclusion and Diversities Management Index; NPS = Net Promoter Score ; ROCE = Return on Capital Employed ;
i-MEP = industrial Michelin Environmental Performance



2020-2023 PLAN – EXITING THE CRISIS IN A POSITION OF STRENGTH

In € billion, unless otherwise stated

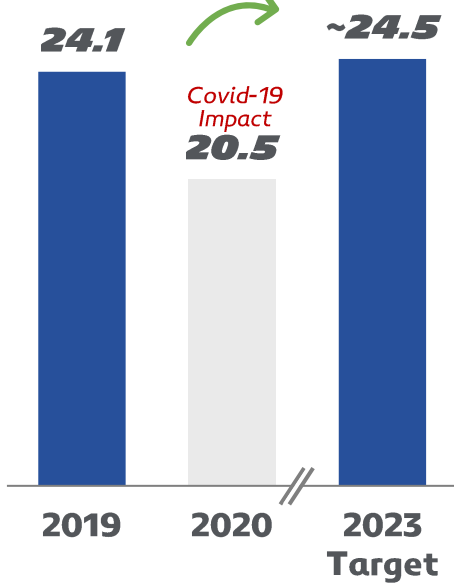


GROWTH

Sales

o/w **+5%**
CAGR 2020-2023
on non tires segments

+0.5% CAGR



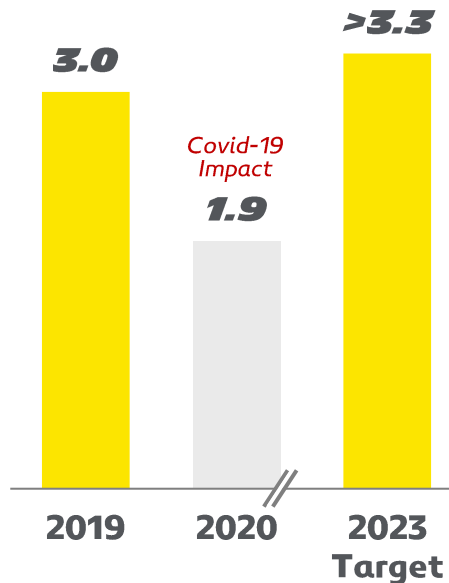
Exiting the crisis



PROFITABILITY

Segment Operating Income*

% margin
12.5% ~13.5%

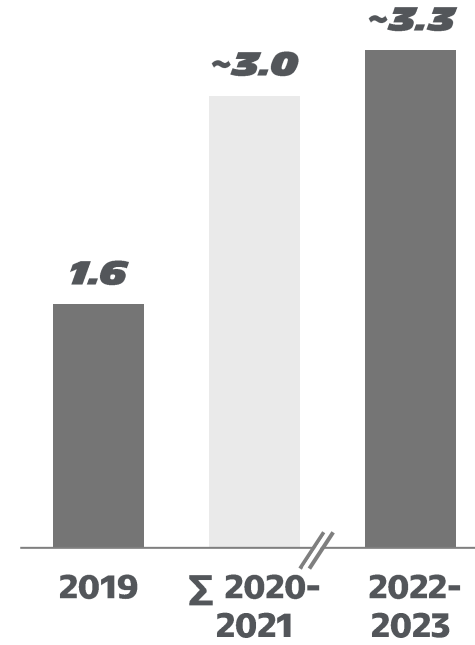


Cost competitiveness and price mix



CASH GENERATION

Structural FCF

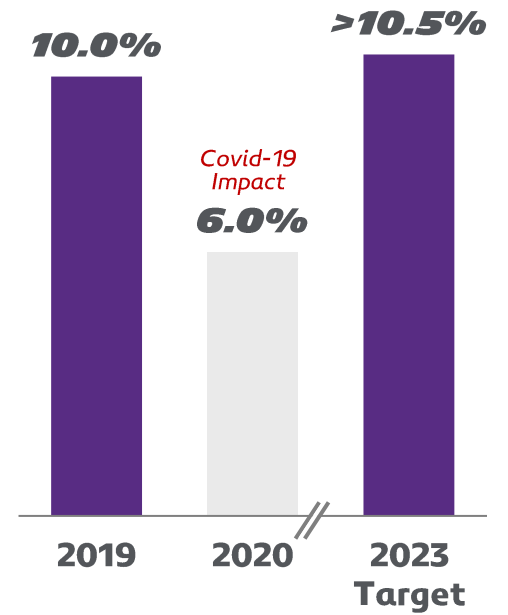


~€6.3bn cumul. structural FCF over 4 years
€100m inventory reduction / year



RETURN ON INVESTMENTS

Group Target ROCE including M&A (%)



Net working capital improvement and EBIT growth



2023 TIRE SAVINGS PLAN: ~€300M OF CUMULATED NET GAINS VS. 2019, PARTLY REINVESTED IN NON-TIRE BUSINESSES EXPANSION

MANUFACTURING

~€80 MILLION / YEAR

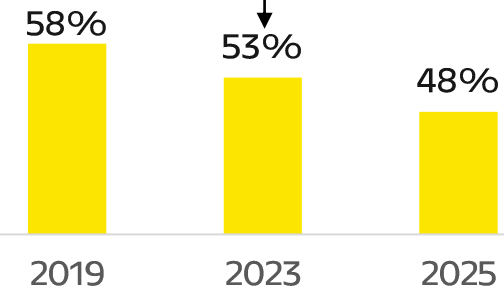
Financing mix enrichment
Improving operating leverage

SG&A

~€20 MILLION / YEAR
in SG&A Tires

Financing non tire businesses ramp up

-5 pts

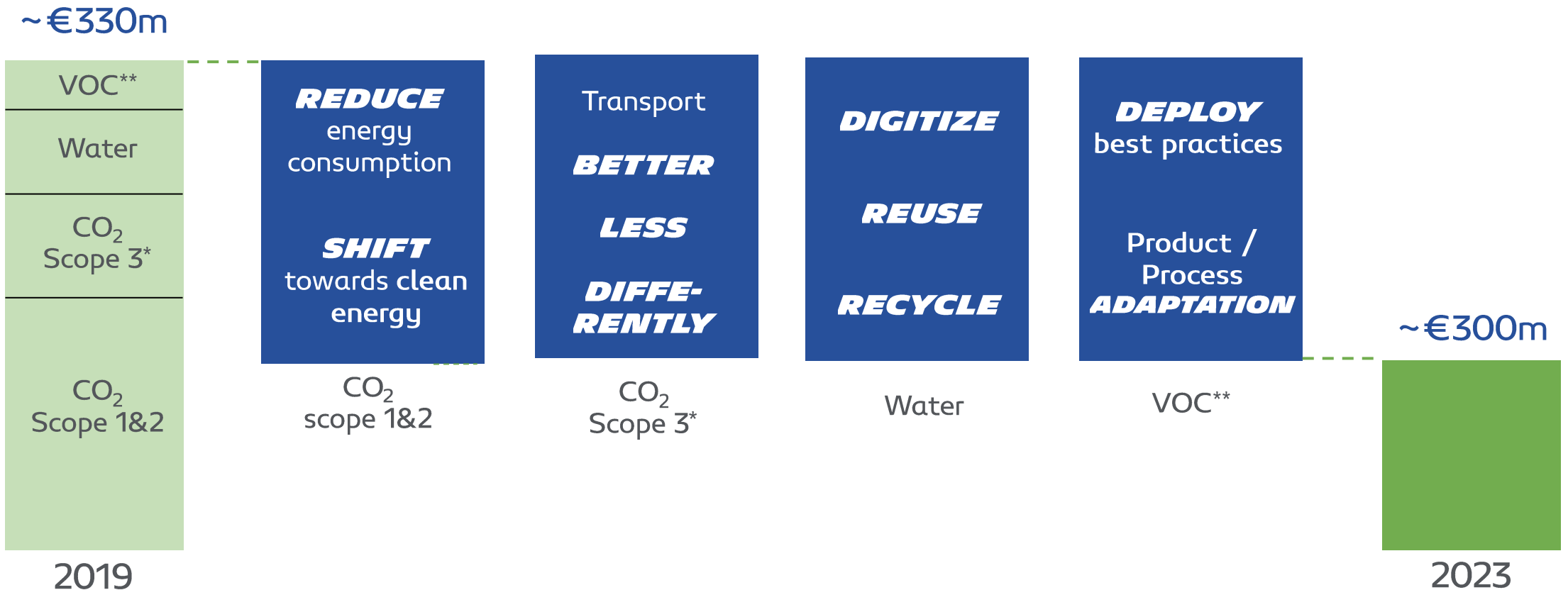


Group SG&A as a % of Gross Margin



TO BETTER TRACK ITS ENVIRONMENTAL IMPACT, MICHELIN STARTS TO VALORIZE ITS NEGATIVE EXTERNALITIES

Michelin has identified clear levers to reduce its negative externalities



* Only transport and distribution upstream and downstream of Natural Rubber, semi-finished and finished goods

** Volatile organic components



2020-2023 PLAN – CAPEX STRATEGY



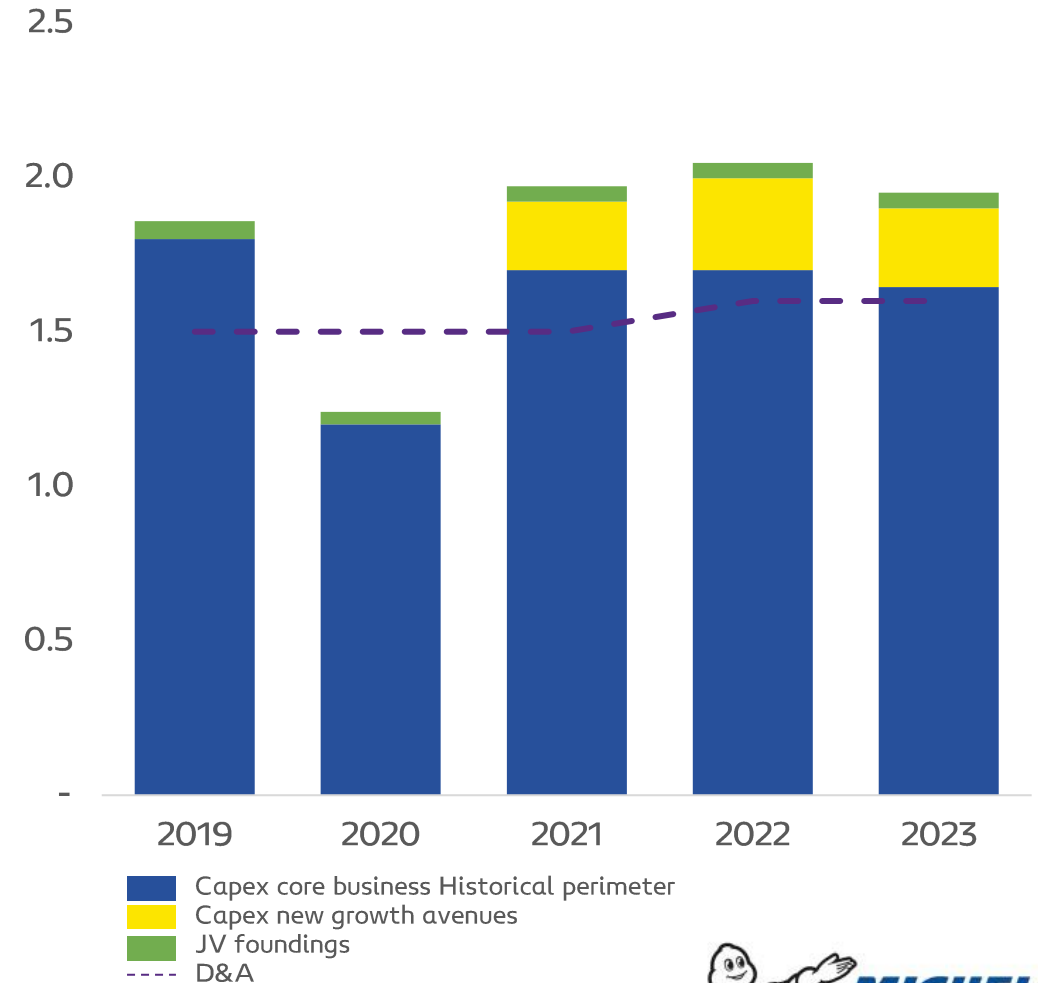
KEY HIGHLIGHTS

- Reducing CAPEX on core-business towards depreciation level
 - Marginal low-cost investments first
 - MICHELIN brand focused
 - Optimized maintenance CAPEX & molds
- Reinforcing Michelin footprint where the growth is
 - with a CAPEX/unit back to best market practices
- Allowing CAPEX growth in Specialties businesses
- Developing new growth avenues: fleet management solutions & High-Tech Materials
- Speeding up a comprehensive digitization plan
- Investing in sustainable materials rate and low-carbon operations



CAPEX* AND JVs FINANCING VS. DEPRECIATION

(in € billion)



* Excluding M&A and IFRS 16

Existing activities growth

Incubation of new
businesses from our
innovation capabilities

External growth
through M&A and
partnerships



Financial discipline:

2023-2030 ROCE > +10.5%

Strong financial position and ratings
(**A- AT BOTH FITCH AND S&P**)



M&A AND PARTNERSHIPS FRAMEWORK – CLEAR INVESTMENT CRITERIA



• Constantly exploring M&A opportunities in both core and new growth avenues



• Value-accretive acquisitions



• Open to partnerships to boost our venture potentials



• Delivering growth and significant synergies



• Very strong execution track record



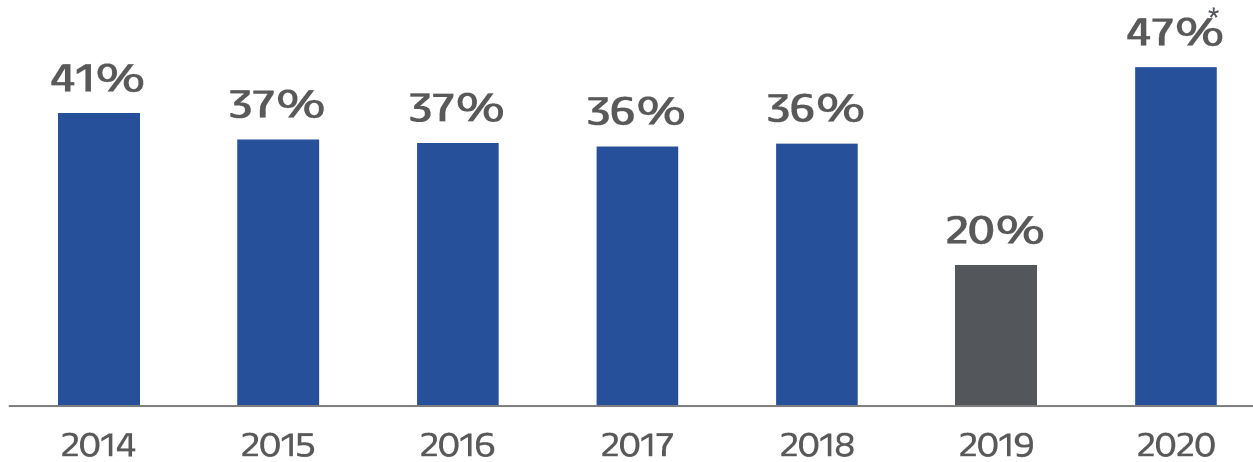


RESETTING OUR SHAREHOLDER RETURN POLICY: INCREASING PAYOUT TO 50%



HISTORICAL PAYOUT RATIO

Dividend (€ p.s.) €2.50 €2.85 €3.25 €3.55 €3.70 €2.00 €2.30*



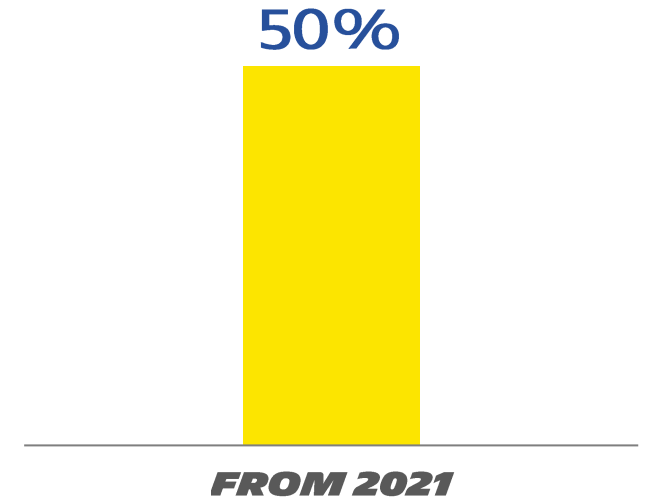
Consistently delivered **ABOVE 35%** dividend payout
(except in 2020 due to the pandemic)

Anti-dilutive / opportunistic share buyback program



FUTURE PAYOUT RATIO

Before non-recurring items



Increased dividend payout ratio at **50%** p.a. from 2021

* Subject to AGM approval



"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."



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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