



**MICHELIN**

A BETTER WAY FORWARD

April 26,  
2021

***SALES AT MARCH 31, 2021***





***2021 Q1 SALES***





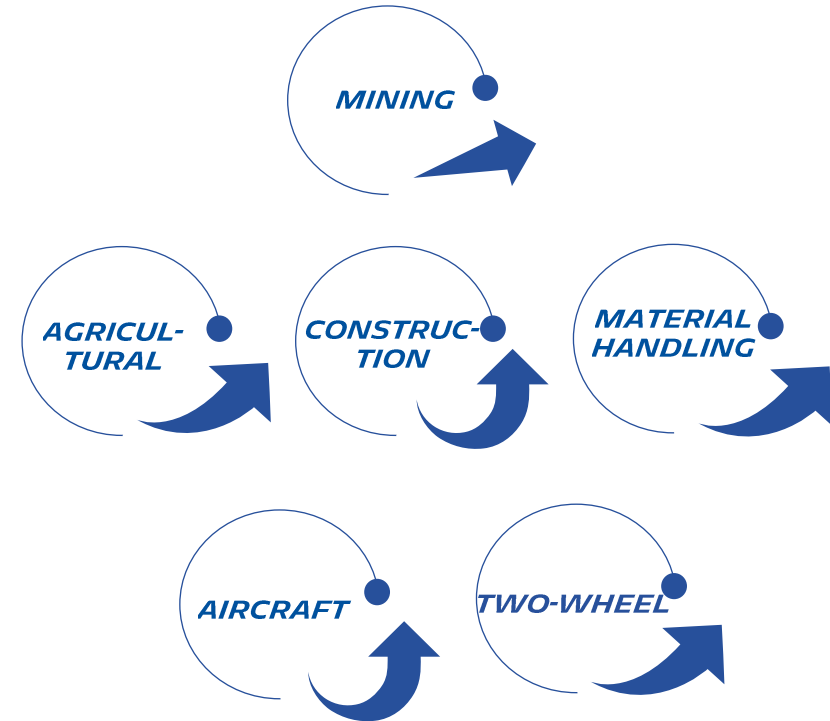
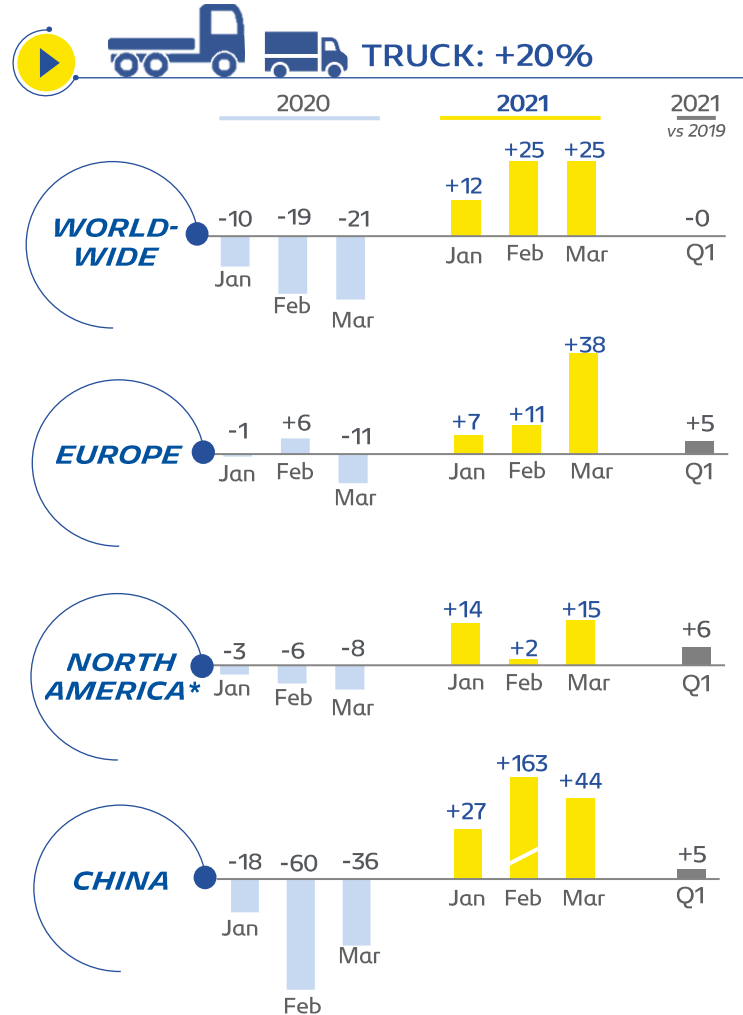
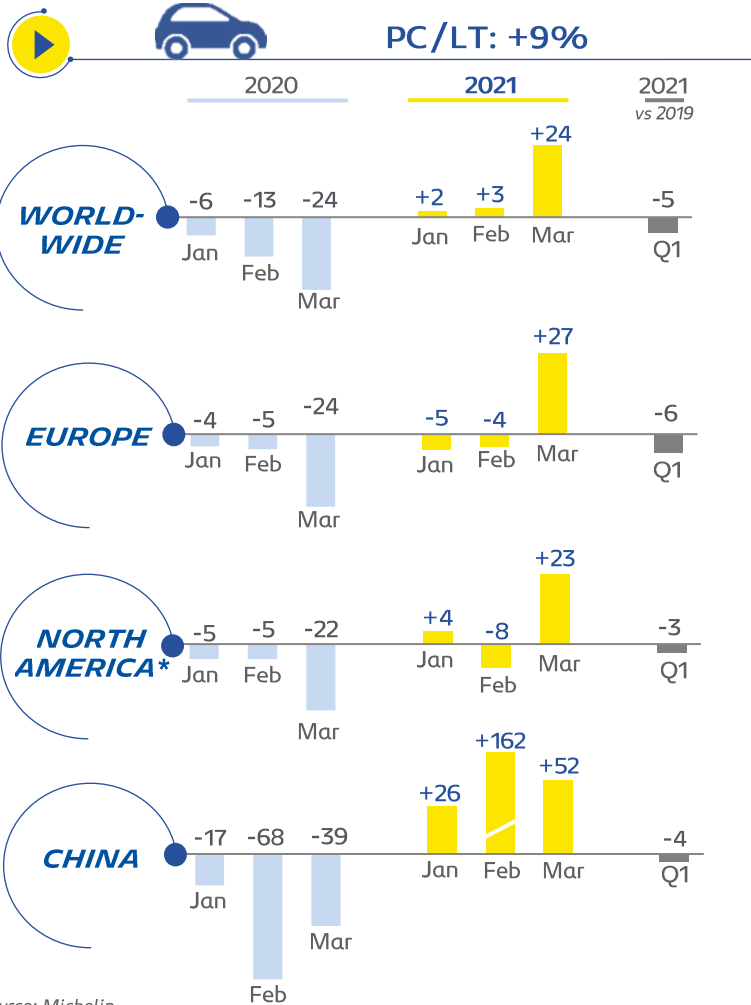
## **Q1 2021: €5.4BN IN SALES, UP 8.3% AT CONSTANT EXCHANGE RATES, LIFTED BY THE RECOVERY IN DEMAND**

- With the strong upturn in global demand, which offset major supply chain disruptions and persistent health-related restrictions:
  - Passenger car/Light truck and Truck tire markets rose by 9% and 20%, respectively,
  - Specialty markets saw a rebound, impelled by the Agricultural, Construction and Two-wheel tire businesses,
  - Demand rebounded sharply in China across every market, returning to near-2019 levels.
- €5,448m in sales, up a reported 2.3% after a negative 6% currency effect:
  - 7.5% growth in tire volumes with, in particular, consolidation of the Group's positions in Passenger car/Light truck Replacement markets and gains in the Specialty businesses,
  - An increase from tire prices, as firm price discipline in response to higher raw materials and logistics costs offset the negative impact of indexation clauses,
  - A sustained shift upmarket in the product mix, with market share gains in MICHELIN-branded 18-inch and larger tires dampened by an unfavorable business mix,
  - Stable sales in the non-tire businesses, which were adversely impacted by the fall-off in demand in the restaurant and travel guides segments.
- Michelin has opened up the capital of its subsidiary Solesis to step up its expansion in healthcare markets
  - Demonstrating the Group's ability to capture the value of its High-Tech Materials businesses
  - The disposal gain added around €130m to consolidated net income.
- During its Capital Markets Day, the Group presented its “Michelin in Motion” sustainable growth ambitions for 2030
- 2021 Guidance confirmed\*

\* Excluding systemic effect related to Covid-19 (see slide 13)



# Q1 2021 MARKETS: PC/LT DOWN ON 2019, TRUCK CLOSE TO 2019. EXPECTED REBOUND IN THE SPECIALTIES OVER THE YEAR.



Source: Michelin  
\* Including Central America for OE

**SALES AT MARCH 31, 2021 - April 26, 2021**



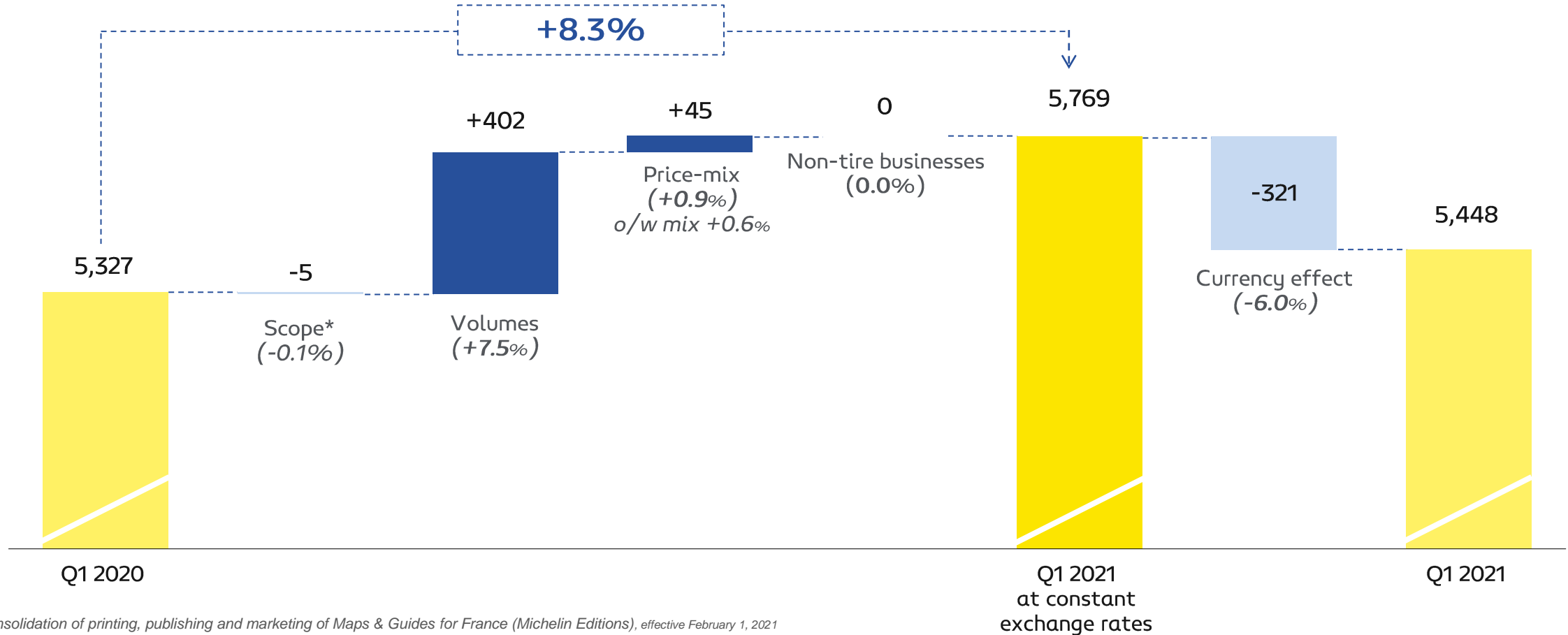


# 8.3% GROWTH IN SALES AT CONSTANT EXCHANGE RATES, LED BY THE REBOUND IN DEMAND AND A ROBUST PRICE-MIX



## Q1 2021 vs. Q1 2020 sales

(in € millions and %)



\* Deconsolidation of printing, publishing and marketing of Maps & Guides for France (Michelin Editions), effective February 1, 2021








## **VOLUME GAINS ACROSS EVERY SEGMENT IN Q1 2021 WERE DAMPENED BY HIGHLY UNFAVORABLE EXCHANGE RATE MOVEMENTS**

(in € millions)	Q1 2021	Q1 2020	Change
 RS1 sales Volumes	2,694	2,597	+3.7% +7.8%
 RS2 sales Volumes	1,388	1,360	+2.1% +8.1%
 RS3 sales Volumes	1,366	1,370	-0.3% +6.2%
TOTAL Volumes	5,448	5,327	+2.3% +7.5%

- RS1: despite the adverse price impact of indexation clauses, sales rose over the period, lifted by the sharp increase in volumes and the steady upmarket enhancement in the product mix.
- RS2: sales gains reflected robust volume growth in every Group market, disciplined price management and the Michelin brand-driven upmarket shift in the product mix.
- RS3: a favorable price effect and strong volume growth offset a negative business mix.



# SOLESIS IS PART OF THE FIVE ADJACENT ECOSYSTEMS IDENTIFIED AS GROWTH AVENUES

ECOSYSTEMS		PROMISING BUSINESSES	RATIONALE	CONTRIBUTION TO PROFITABLE GROWTH
SERVICES & TECH SOLUTIONS		 <p><i>Innovate to capture every new opportunity in IoT and emerging technologies</i></p>	<ul style="list-style-type: none"> <li>• Mobility services and digitization: key focus for all Michelin customers</li> </ul>	<div style="border: 2px solid yellow; border-radius: 15px; padding: 10px; text-align: center; margin-bottom: 10px;">LEADERSHIP POSITION</div> <div style="border: 2px solid yellow; border-radius: 15px; padding: 10px; text-align: center; margin-bottom: 10px;">SIGNIFICANT GROWTH</div> <div style="border: 2px solid yellow; border-radius: 15px; padding: 10px; text-align: center;">FINANCIAL VALUE CREATION</div>
HIGH-TECH MATERIALS	HIGH-TECH FLEXIBLE COMPOSITES	<p><i>Leverage our core business... ...to develop other areas in which we can play an important role</i></p> 	<ul style="list-style-type: none"> <li>• A solid basis to target attractive and synergetic markets</li> </ul>	
	Medical	 <p><i>Proactive in Medical, Hydrogen, and 3D Metal Printing...</i></p>	<ul style="list-style-type: none"> <li>• Three promising ecosystems</li> </ul>	
	Hydrogen	 <p><i>...with a focus on ESG and the transition towards carbon-free operations</i></p>		
3D Metal Printing				



# SOLESIS\*: A LEADER IN REGENERATIVE MEDICINE & CELL THERAPY



## CURRENT EXPERTISE



25 years+ of expertise as a manufacturer and distributor catering to the blood, biotech, and regenerative medicine industries



Designs, develops and manufactures next-generation, high-performance material solutions for clients in the life sciences and various manufacturing industries



Provides contract manufacturing and medical device processing services  
Capabilities include finishing and assembly, packaging and labeling, and sterilization management



## MARKET POTENTIAL

### CELL & GENE THERAPY

**+20%**  
CAGR 2020-2030

### CARDIO MEDICAL DEVICES

**>10%**  
CAGR 2020-2030

\* Solexis joined the Michelin Group in 2018 when Michelin purchased Fenner.

SALES AT MARCH 31, 2021 - April 26, 2021



## AMBITIONS

### BECOMING A LEADING INNOVATION AND MANUFACTURING PARTNER

#### Cell Therapy



#### Bioresorbables



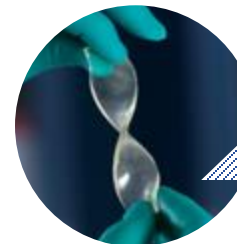
#### Regenerative medicine



### BEING THE TRUSTED CONTRACT MANUFACTURING OPERATOR



## DEVELOPING NEW BUSINESSES



- Bio-materials innovation with Michelin R&D
- Partnerships with customers to co-develop
- Manufacturing quality







# MICHELIN AND ALTARIS\* ANNOUNCE THEIR INTENTION TO JOIN FORCES TO SPEED THE GROWTH OF SOLESIS

- Michelin has opened up the capital of its subsidiary Solesis, valued at \$475m
- A governance system capable of supporting Solesis' rapid expansion in very fast-growing markets
- An R&D agreement between Solesis and Michelin to develop biocompatible, bioresorbable polymers

## ▶ IMPACTS FOR MICHELIN

- No cash impact for the Group
- The cash contributed by Altaris will remain with Solesis to finance its growth
- Impact on 2021 net income estimated at around €130m (below SOI)

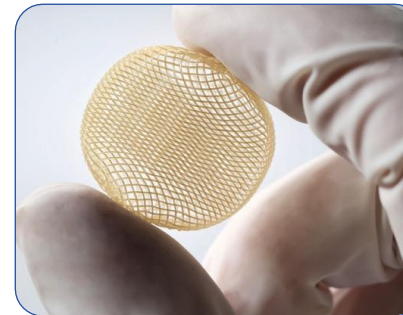
**MICHELIN**

49%



**ALTARIS**

51%



\* Altaris Capital Partners, LLC is an investment firm focused exclusively on the healthcare industry. It has significant experience in the life sciences and medical technology sectors, and a track record of working successfully to grow companies alongside corporate partners. Altaris has \$5.2 billion in equity capital under active management and is headquartered in New York, NY.



## ***GUIDANCE***





## 2021 MARKET SCENARIO: IN A HIGHLY DISRUPTED ENVIRONMENT, MARKETS ARE RECOVERING BUT NOT YET BACK TO 2019 LEVEL



**PC/LT: : +6% / +10%\***

- OE: strong recovery expected driven by inventory build up and incentives, but threatened by chips shortage
- RT: despite remaining uncertainty around pandemic impacts, rebounding demand worldwide, not yet coming back to pre crisis level



**TRUCK: +4% / +8%\***

- OE: strong rebound in H1 demand in every region which should attenuate in H2 due to tougher comps
- RT: strong rebound in demand driven by freight activity in every region



**SPECIALITIES: +8% / +12%\***

- Mining: demand recovery penalized by a slowdown in coal extraction
- Beyond road: acceleration in demand recovery boosted by upcycle trend
- Two-wheel: sustained growth
- Aircraft: growing demand on very low basis

\* vs. 2020



## 2021 SCENARIO

	2021
Volumes	In line with markets
Net price-mix/raw materials effect	Slightly Positive
Cost impact of raw materials prices and customs duties	Strongly Negative
Currency effect*	Strongly Negative

\* See slide 20



## 2021 GUIDANCE EXCLUDING ANY NEW SYSTEMIC EFFECT FROM COVID-19\*



	2021
Segment Operating Income at constant exchange rates	> €2,500m
Structural Free Cash Flow**	~ €1,000m

\* Restrictions on freedom of movement that would result in a significant drop in the tire markets, or any significant supply chain disruption.

\*\* Structural Free Cash Flow definition on slide 27



# ***APPENDICES***





## **FINANCE CALENDAR**

- **Upcoming events:**

- May 21, 2021 : Annual Shareholders Meeting
- July 26, 2021 (after close of trading): First-half 2021 results
- October 25, 2021 (after close of trading): Third-quarter and 9 months 2021 sales

- **Dividend dates:**

- May 25, 2021: Ex date
- May 26, 2021: Record date
- May 27, 2021: Payment date

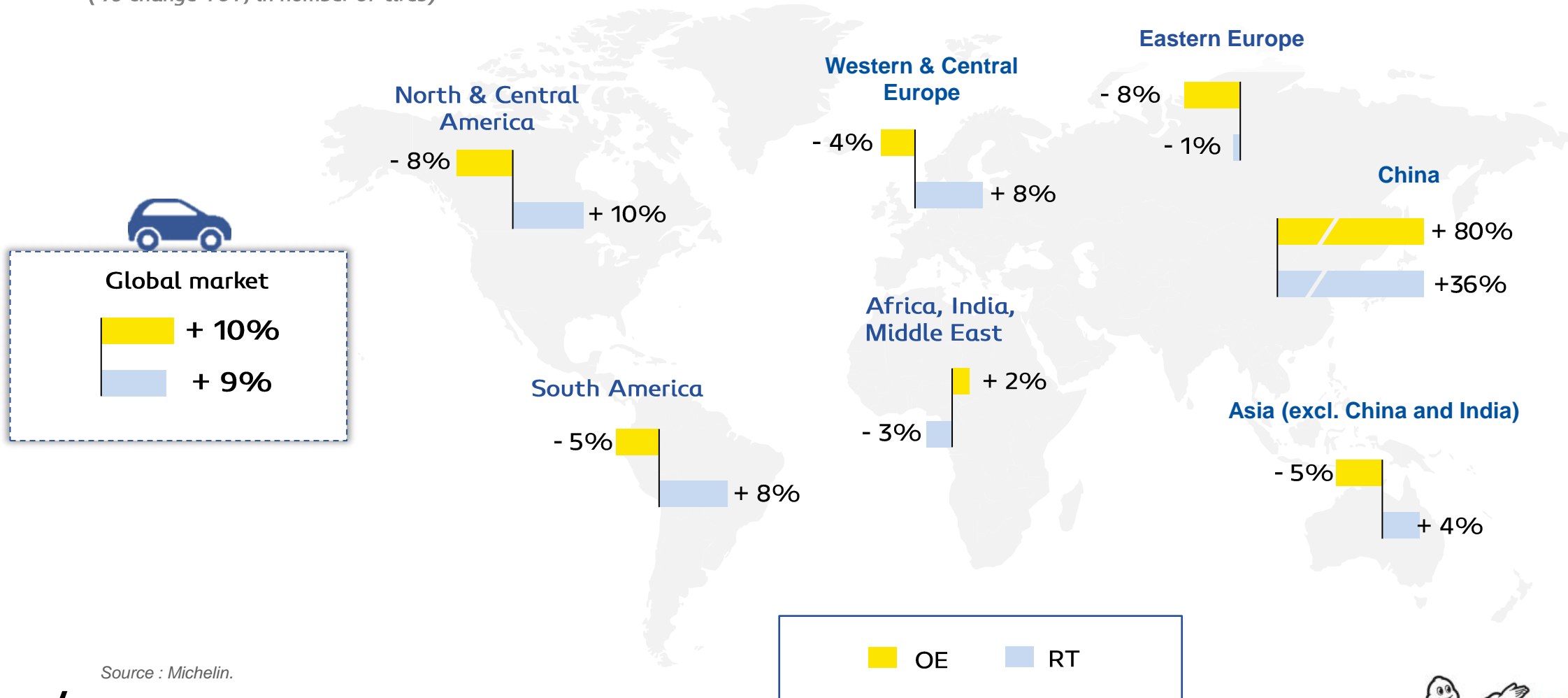


# PC/LT Q1 2021: BASED ON FAVORABLE PRIOR-YEAR COMPARATIVES, OE WAS HURT BY COMPONENT SHORTAGES AND RT CONTINUED TO REBOUND



## PASSENGER CAR TIRE MARKETS, Q1 2021

(% change YoY, in number of tires)



Source : Michelin.



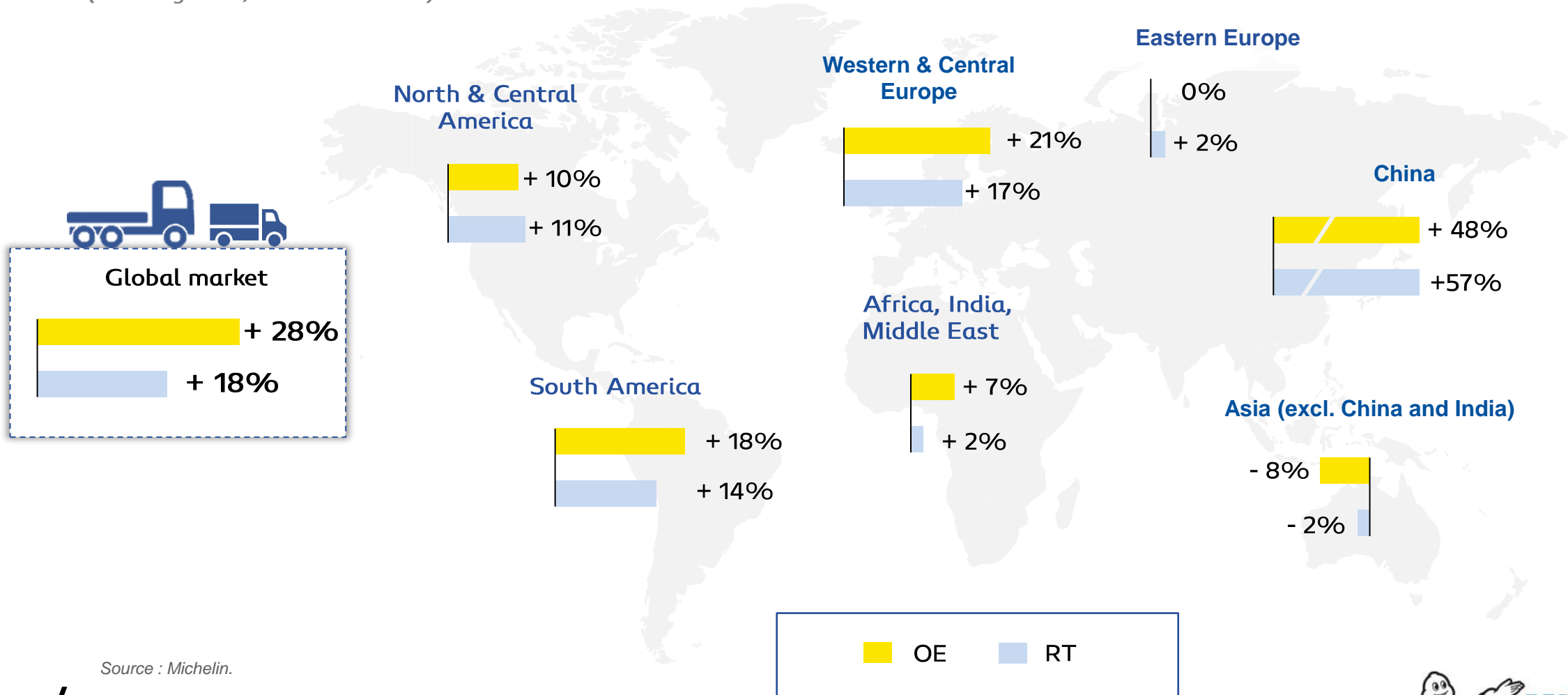


# TRUCK Q1 2021: SUSTAINED FLEET UPGRADES AND GROWTH IN FREIGHT DEMAND FROM A FAVORABLE BASE OF COMPARISON



## TRUCK TIRE MARKETS, Q1 2021

(% change YoY, in number of tires)



Source : Michelin.

**127** SALES AT MARCH 31, 2021 - April 26, 2021





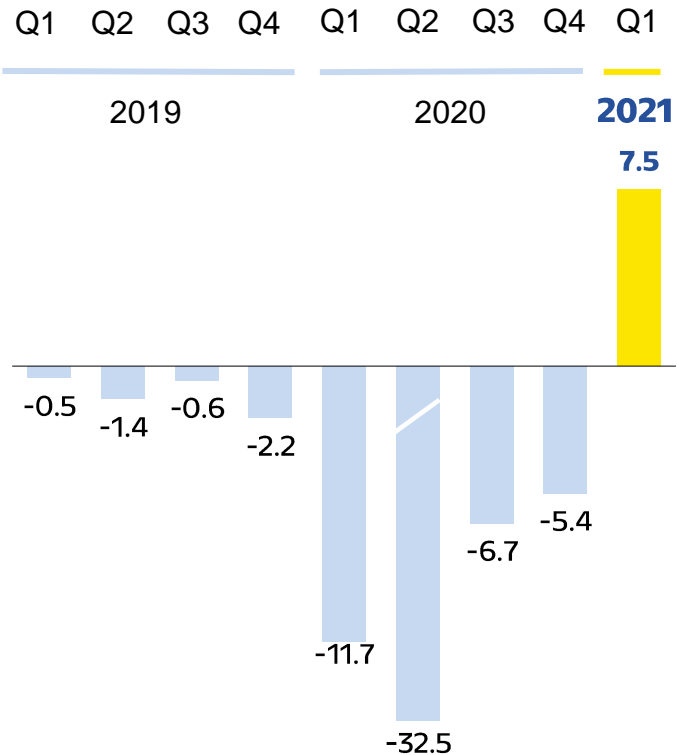
# Q1 2021: SHARP UPTURN IN BUSINESS, WITH SUSTAINED PRICE DISCIPLINE AND MIX ENHANCEMENT



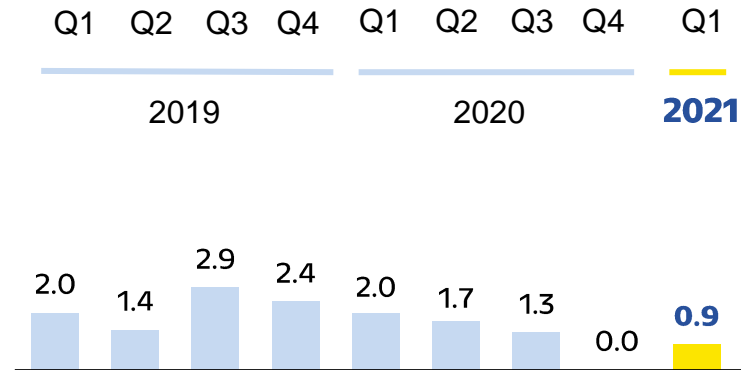
## YoY CHANGE, BY QUARTER

(in %)

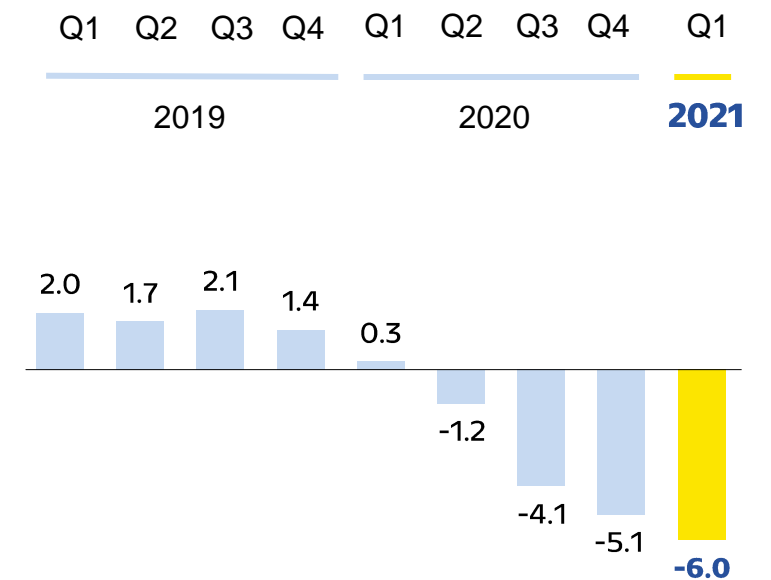
### VOLUMES



### PRICE-MIX









### CURRENCY EFFECT

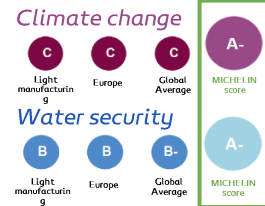
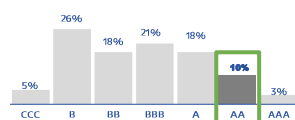
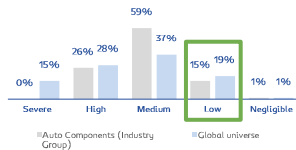


# MICHELIN'S NON-FINANCIAL RATINGS: A LEADING, AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

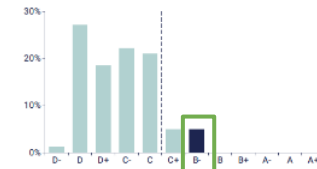
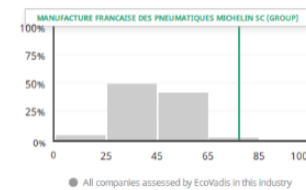
Major sustainability ratings (as of April 26, 2021)

	SUSTAINALYTICS (risk rating) 2020	MSCI 2020	CDP 2020	ECOVADIS 2019	ISS-OEKOM 2020	VIGEO EIRIS Moody's 2020
Status	<b>LOW RISK</b>	<b>AA</b>	<b>LEADERSHIP</b>	<b>GOLD</b>	<b>PRIME</b>	<b>A1+*</b>
						
Rating	<b>15.2</b>	<b>8.4/10</b>	<b>A-</b>	<b>78/100</b>	<b>B-</b>	<b>68/100</b>

Ranking /  
Distribution  
of ratings



Top 1% (natural rubber)



2<sup>nd</sup> of 40 in the sector

\* corporate rating 2018



# SALES BY CURRENCY AND SEGMENT OPERATING INCOME (SOI) IMPACT

	% of sales (2020)		Q1 2021 € change vs. currency	Droptthrough sales / SOI*
	USD	36%	+9%	35% / 45%
	EUR	32%	-	-
	CNY	6%	+2%	25%/30%
	AUD	3%	-7%	80%/85%
	GBP	3%	+2%	25%/30%
	BRL	3%	+35%	-30%/-20%
	CAD	3%	+3%	25%/30%
	RUB	1%	+23%	25%/30%
	JPY	1%	+6%	80%/85%

	% of sales (2020)		Q1 2021 € change vs. currency	Droptthrough sales / SOI*
	CLP	1%	-1%	80%/85%
	MXN	1%	+12%	25%/30%
	THB	1%	+6%	-130%/-100%
	TRY	1%	+32%	80%/85%
	SEK	0.8%	-5%	80%/85%
	TWD	0.6%	+2%	80%/85%
	ZAR	0.4%	+7%	80%/85%
	ARS	0.3%	+57%	80%/85%
	COP	0.2%	+11%	80%/85%
	Autres	5.7%	-	-

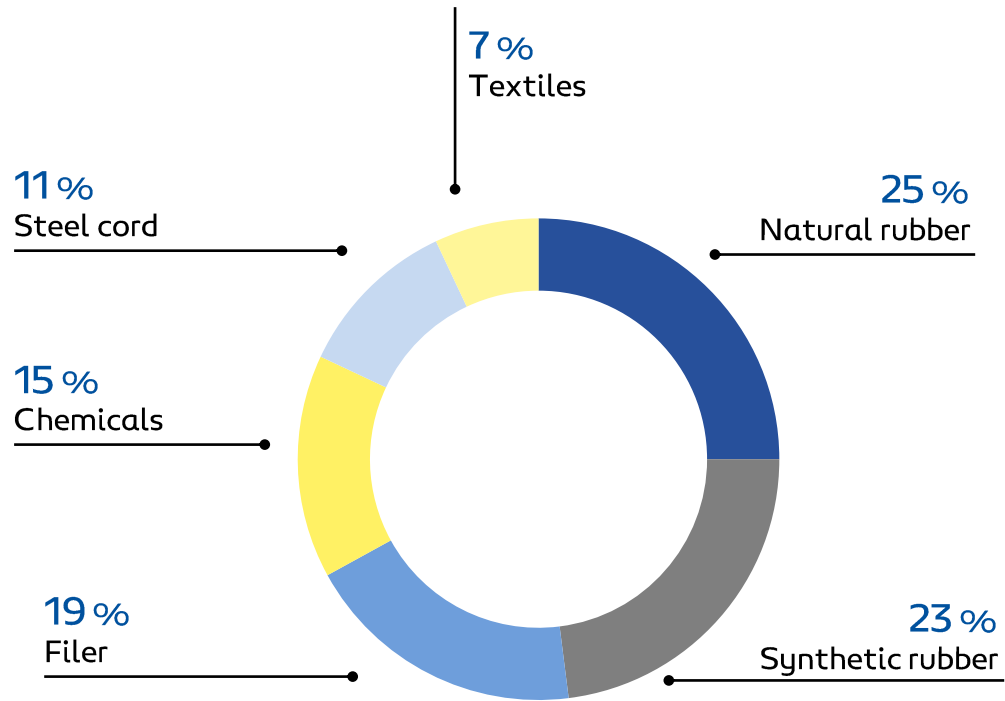
\* Droptthrough depends on export base/production/sales



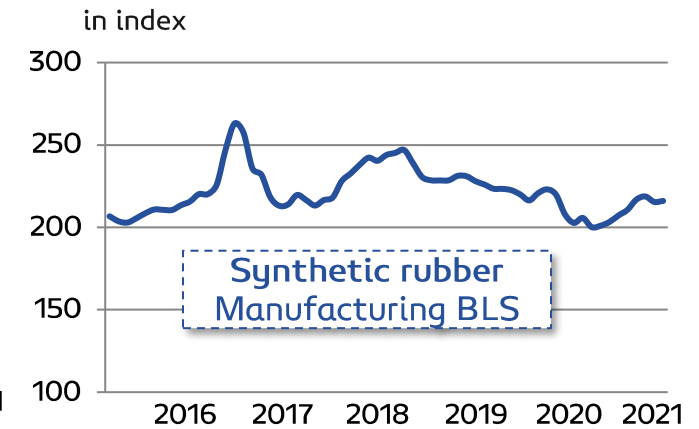
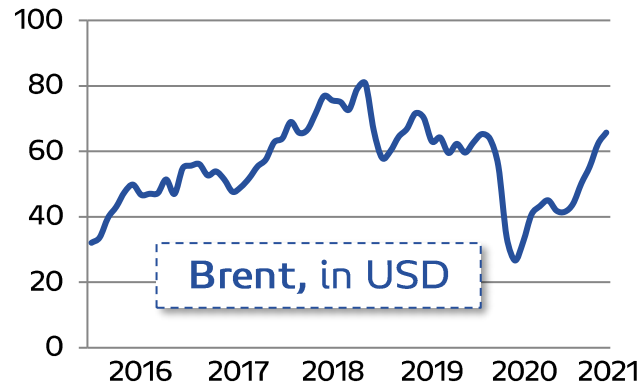
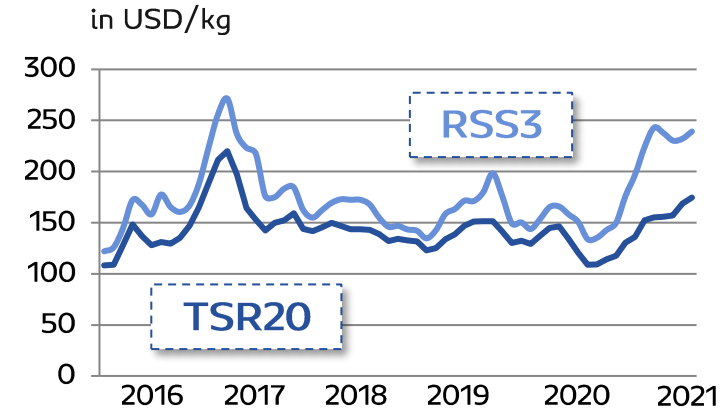
# RAW MATERIALS



## RAW MATERIAL PURCHASES IN 2020 (€3.8bn)



€/\$ exchange rate:  
 Q1 2020 average: 1.104  
 +9%  
 Q1 2021 average: 1.207



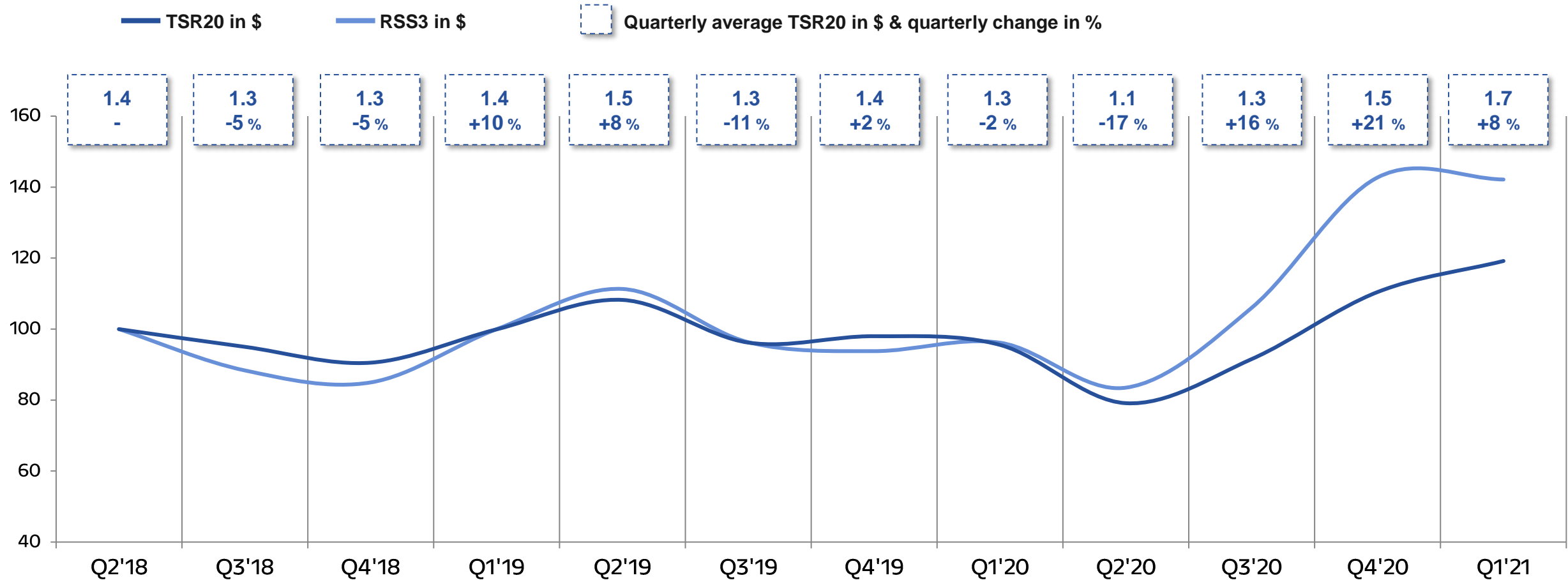


# NATURAL RUBBER PRICE TREND



AT END OF MARCH 2021

(per kg, base 100 in Q2 2018)



Source: SICOM

2021 SALES AT MARCH 31, 2021 - April 26, 2021





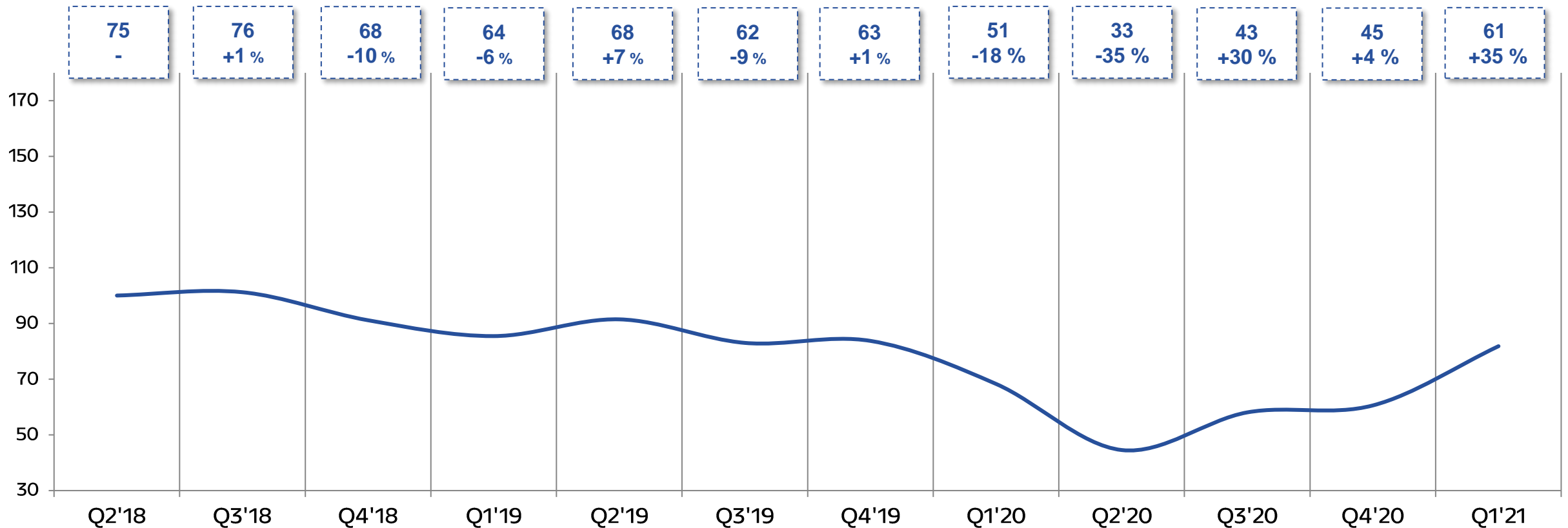
# BRENT PRICE TREND



AT END OF MARCH 2021

(per kg, base 100 in Q2 2018)

— Brent in \$      □ Quarterly average Brent in \$ & quarterly change in %



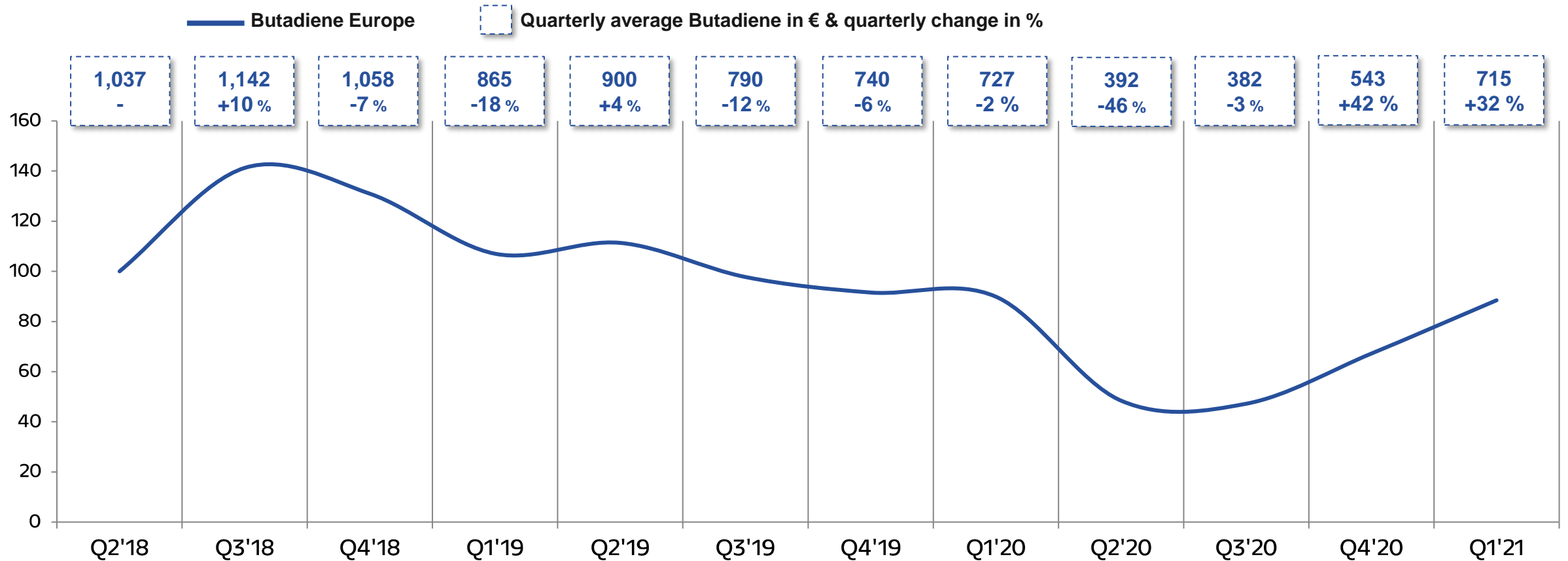


# BUTADIENE RUBBER PRICE TREND



AT END OF MARCH 2021

(per kg, base 100 in Q2 2018)







# OUTSTANDING BOND ISSUES (as of March 31, 2021)

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	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	Compagnie Générale des Etablissements MICHELIN
Issue Type	Senior Note Convertible	Senior Note Bond	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
Principal amount	\$500 mn + TAP \$100 mn	€300 mn	\$600 mn	€750 mn	€300 mn	€500 mn	€ 1'000 mn	€500 mn	€750 mn	€500 mn	€302 mn
Offering price	100% & 103.85%	99.97%	95.500%	99.10%	99.081%	99.89%	99.262%	99.54%	99.363%	99.46%	98.926%
Corporate rating at issuance date	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)
Current corporate rating	A- (S& P); A3 (Moody's); A- (Fitch)										
Coupon	ZERO Conv premium 128%	1.125% p.a	ZERO Conv premium 130%	0.875% p.a	1.750% p.a	0.000% p.a	1.750% p.a	0.250% p.a	2.500% p.a	0.625% p.a	3.250% p.a
Issue date	Jan.10, 2017 & May 5, 2017	May 28, 2015	Jan. 10, 2018	Sept. 3, 2018	May 28, 2015	Nov.2, 2020	Sept. 3, 2018	Nov.2, 2020	Sept.3, 2018	Nov. 2, 2020	Sept. 30, 2015 & Sept. 30,2016
Maturity	Jan. 10, 2022	May 28, 2022	Nov. 10, 2023	Sept. 3, 2025	May 28, 2027	Nov.2, 2028	Sept.3, 2030	Nov. 2, 2032	Sept.3, 2038	Nov. 2, 2040	Sept.30, 2045
Interest payment	N/A	Annual May 28	N/A	Annual Sept. 3	Annual May 28	Annual Nov. 2	Annual Sept. 3	Annual Nov. 2	Annual Sept. 3	Annual Nov. 2	Annual Sept. 30
ISIN	FR0013230745	XS1233732194	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
Denomination	\$ 200,000 with min. tradable amount \$ 200,000	€ 1,000 with min. tradable amount € 1,000	\$ 200,000 with min. tradable amount \$ 200,000	€ 100,000 with min. tradable amount € 100,000	€ 1,000 with min. tradable amount € 1,000	€ 100,000 with min. tradable amount € 100,000	€ 100,000 with min. tradable amount € 100,000	€ 100,000 with min. tradable amount € 100,000	€ 100,000 with min. tradable amount € 100,000	€ 100,000 with min. tradable amount € 100,000	€ 1,000 with min. tradable amount € 1,000

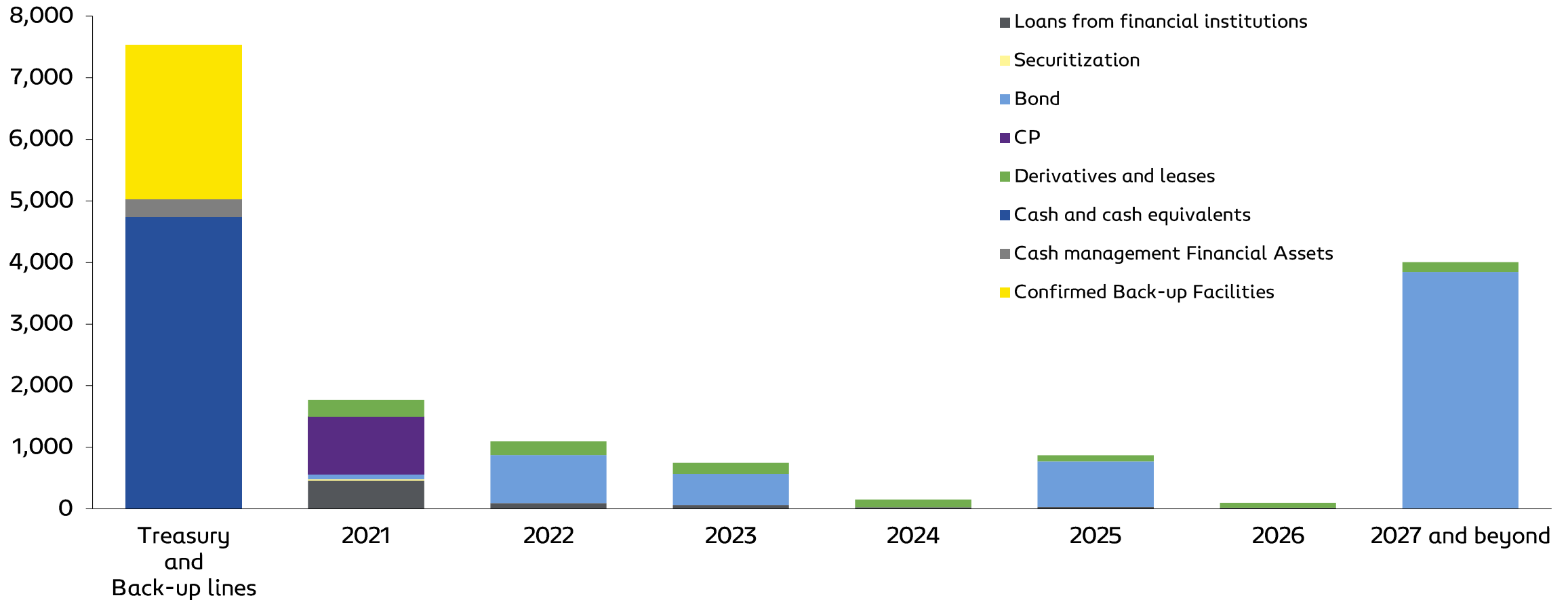


# A COMFORTABLE CASH POSITION



## DEBT MATURITIES AT DECEMBER 31, 2020

(carrying amount, in € millions)



### 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

"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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