



**MICHELIN**

A BETTER WAY FORWARD

OCT 05,  
2021

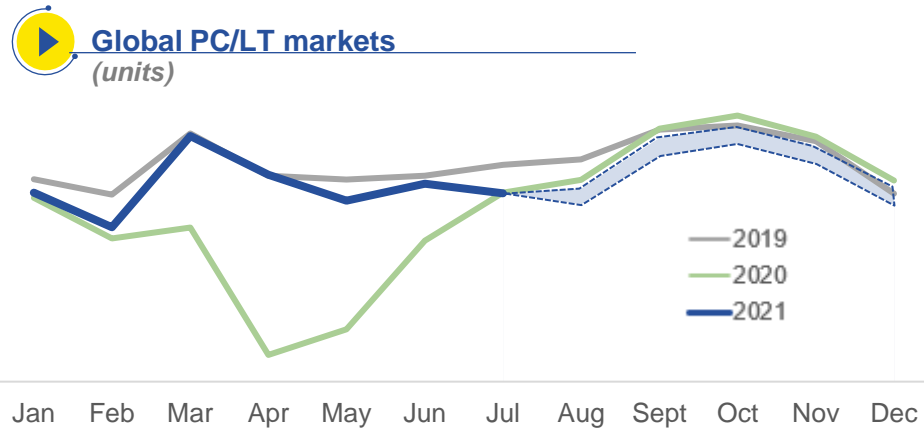
**6<sup>TH</sup> ANNUAL AUTO  
CREDIT DAY**  
CRÉDIT AGRICOLE CIB





# TOUGHER COMPS IN H2 THAN IN H1 IN A HIGHLY DISRUPTED ENVIRONMENT

## Back to normative comps in H2...



## ... in an environment that is highly disrupted across the supply chain



Source: Michelin. Market data are regularly adjusted and may be updated following their initial publication.





# MICHELIN CROSSCLIMATE<sup>2</sup>, THE GROUP REASSERTS ITS LEADERSHIP ON THE MOST GROWING SEGMENT IN EUROPE

In 2021, the MICHELIN CrossClimate success story continues with...



## MICHELIN CROSSCLIMATE<sup>2</sup>

### MASTER OF THE ALL-SEASON CATEGORY<sup>(8-9)</sup>

- **GREATER SAFETY IN ALL WEATHER MADE TO LAST<sup>(1)(2)(3)</sup>**
- **LEADER IN SNOW<sup>(3)</sup> From First To Last Kilometer**
- **Benefit from a LOW FUEL CONSUMPTION**

Rolling resistance of MICHELIN CrossClimate2 has been decreased by 10% vs MICHELIN CrossClimate+<sup>(6)(7)</sup>



15" to 20"

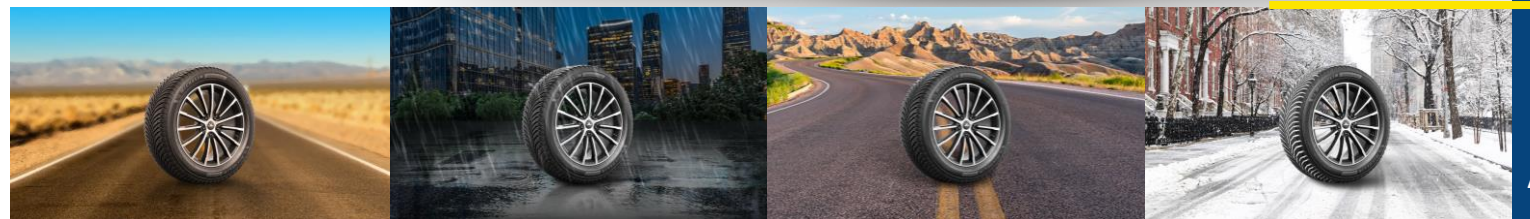


AB 69-71 dB

(1-9) (a-d) See notes slide 57



6TH Annual Auto Credit Day – October 05, 2021



All-season

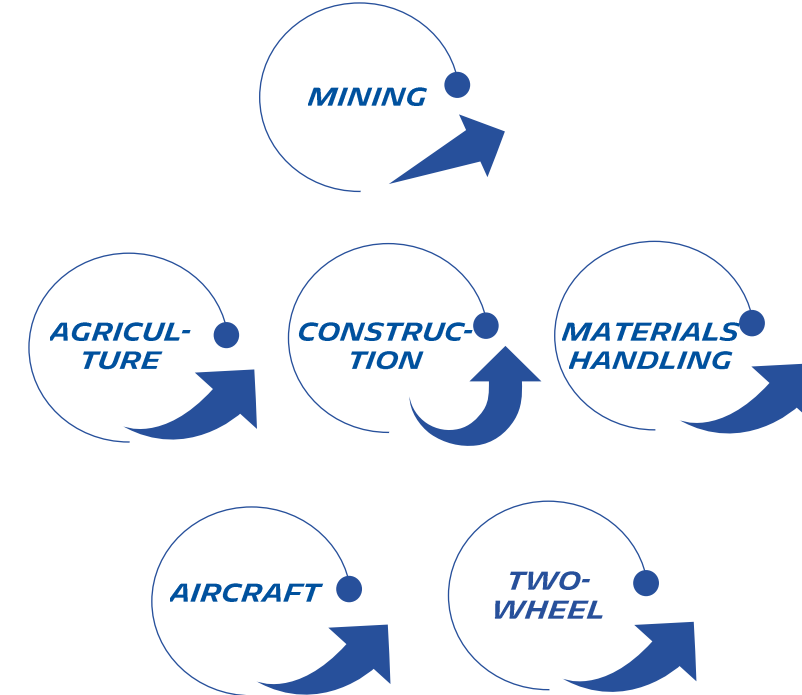
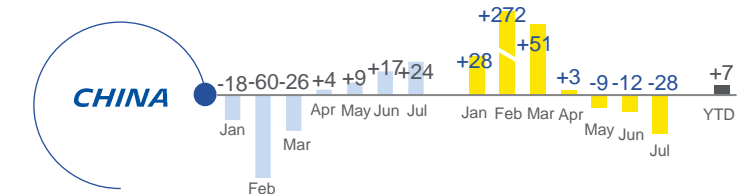
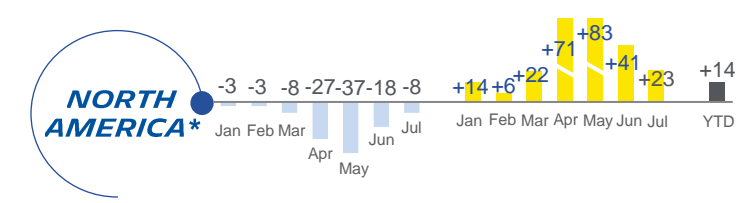
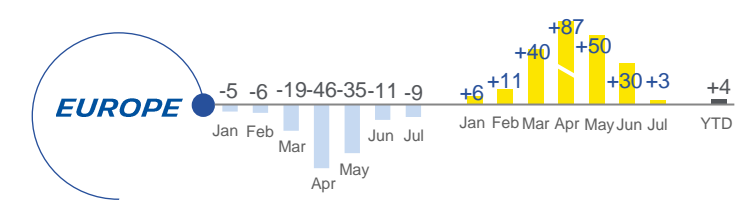
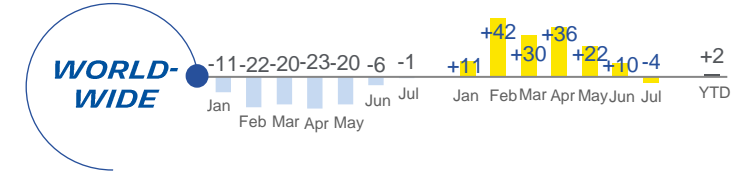
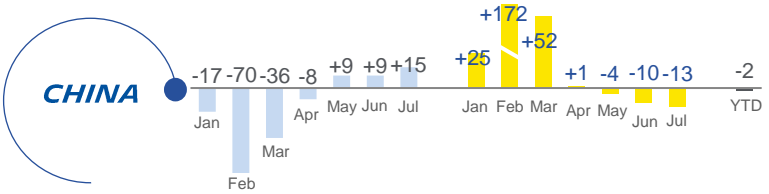
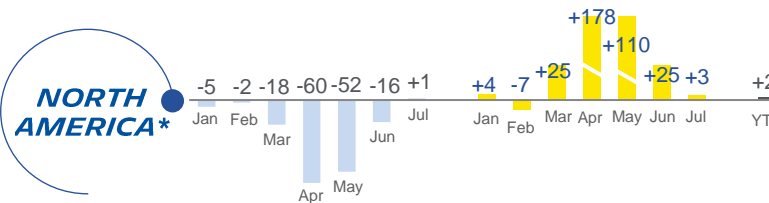
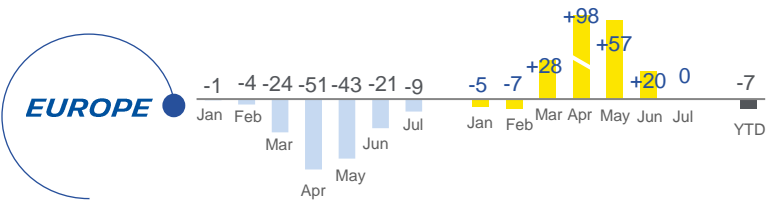
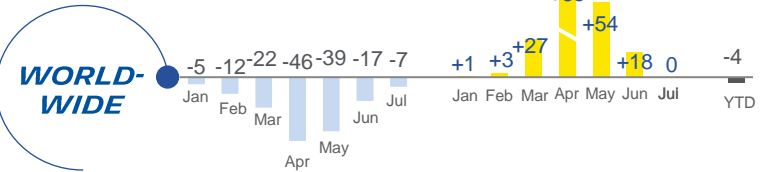
A person wearing a helmet and riding gear is riding a motorcycle on a dark asphalt road that curves through a mountainous landscape. The road is bordered by large, rectangular stone blocks. The background shows steep, rocky hills with some sparse vegetation under a clear sky. The overall scene is captured in a cinematic style with dramatic lighting.

**2**

***FIRST-HALF 2021 RESULTS  
& 2021 FY GUIDANCE***



# MARKETS: PC/LT STILL DOWN ON 2019, TRUCK TIRES HIGHER. SPECIALTIES EXPECTED TO REBOUND OVER THE FULL YEAR.



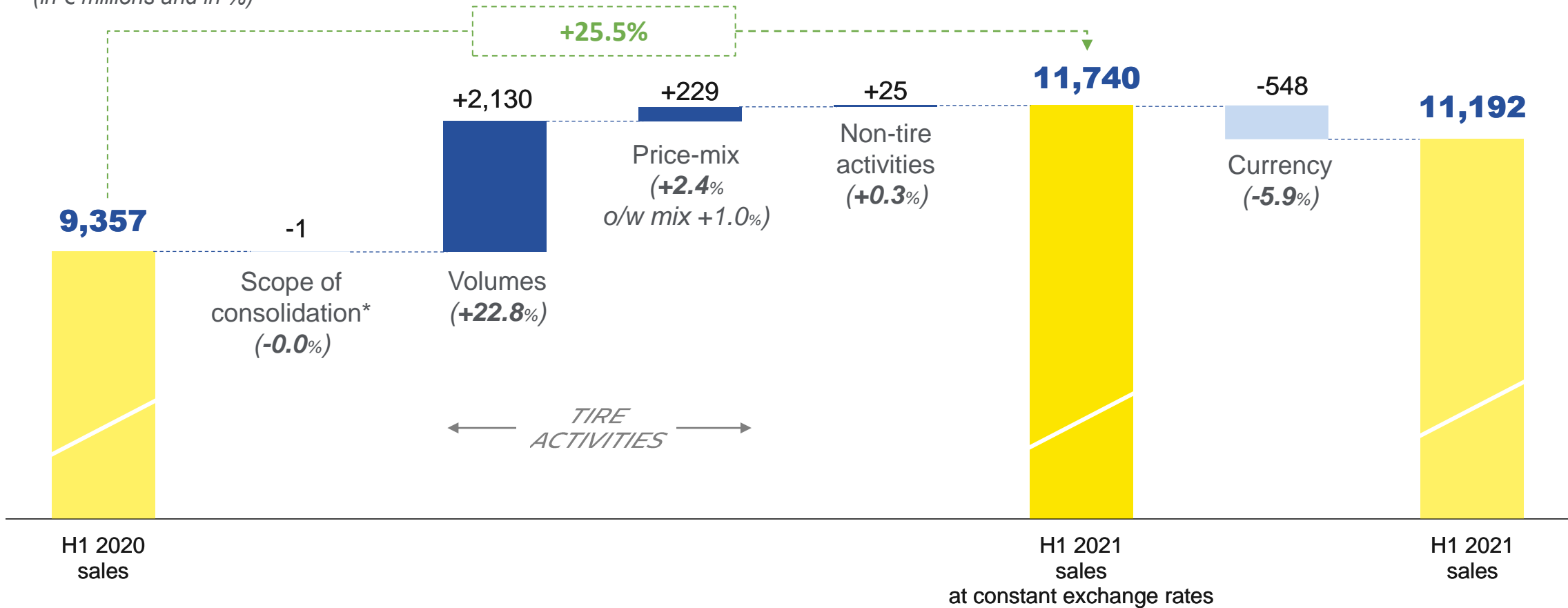
Source: Michelin. Market data are regularly adjusted and may be updated following their initial publication.

\* Including Central America.



**TIRE SALES UP, LIFTED BY THE REBOUND IN DEMAND AND A ROBUST PRICE-MIX.  
NON-TIRE SALES UP €25M, OR 4.6% AT CONSTANT EXCHANGE RATES.**

**YoY change in sales**  
(in € millions and in %)



\*Deconsolidation of the French Maps & Guides printing, publishing and marketing assets (Michelin Editions), as of February 1, 2021, and of Solesis on May 28, 2021; consolidation of TechnoBalt as of May 1, 2021, ConVeyBelt as of May 1, 2020, and MAV S.p.a. as of December 1, 2020.

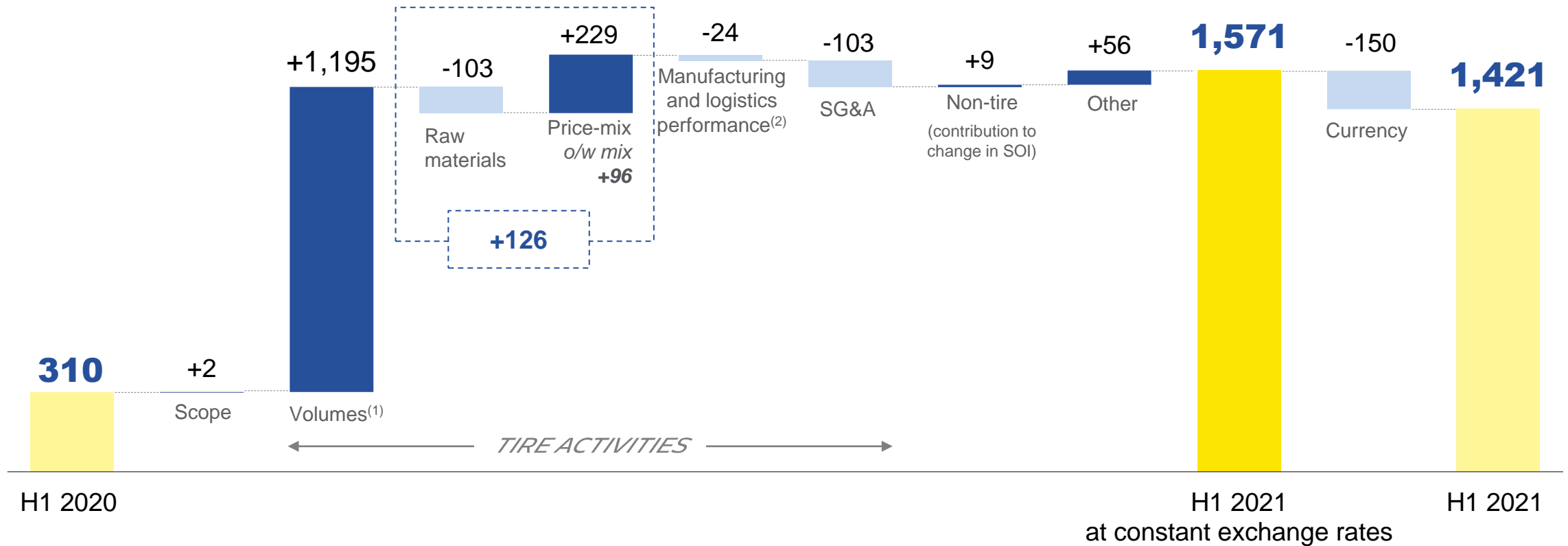


# H1 2021 SOI: STRONG GROWTH IN VOLUMES SUPPORTED BY A ROBUST MIX AND RESPONSIVE PRICING MANAGEMENT AT A TIME OF RISING INPUT COSTS



## YoY change in SOI

(in € millions)






<sup>(1)</sup> of which €12m in savings from the industrial competitiveness program.

<sup>(2)</sup> of which €(45)m from the steep increase in maritime shipping costs, i.e. +€21m in industrial and logistics performance.



## CLEAR RS1 AND RS2 UPTURN DURING THE FIRST HALF. RESPONSIVE PRICING POLICIES IN EVERY SEGMENT.

(in € million)		H1 2021	H1 2020	Change
	RS1 sales	5,562	4,394	+26.6%
	Operating income*	730	(35)	-
	Operating margin*	13.1%	-0.8%	+13.9 pts
	RS2 sales	2,897	2,411	+20.2%
	Operating income*	286	(30)	-
	Operating margin*	9.9%	-1.3%	+11.2 pts
	RS3 sales	2,733	2,552	+7.1%
	Operating income*	405	375	+8.0%
	Operating margin*	14.8%	14.7%	+0.1 pt

\* of the segment

### In an environment shaped by fast rebounding demand:

- **RS1:** sharp improvement in margins led by responsive pricing management, market share gains in 18-inch and larger tires and a favorable OE/RT mix, as OE sales were held back by semiconductors shortage.
- **RS2:** steep margin improvement led by the upturn in demand, particularly in Europe and North America, responsive pricing management and sustained expansion in fleet management solutions.
- **RS3:** from a less favorable base than in RS1 and RS2, first-half volumes were lifted by sales of Construction and Agricultural tires, leading to a negative business mix; rigorous price management on non-indexed activities partially offset negative impact of raw material clauses in first-half; from the second half of the year, these clauses will turn favorable.





## **FREE CASH FLOW <sup>(1)</sup> IMPROVEMENT, REFLECTING GROWTH IN EBITDA AND STILL LOWER THAN NORMAL INVENTORY LEVEL**

### **Change in free cash flow**

*(in € millions, including JV financing and acquisitions)*

<b>H1 2020 free cash flow</b>	<b>(351)</b>
<i>Change in:</i>	
EBITDA	+1,085
Trade working capital	-596
Tax and interest paid	-73
Capital expenditure <i>incl. JV financing</i>	+156
M&A outlays	+26
Other items	+99
<b>H1 2021 free cash flow</b>	<b>346</b>

### **A solid cash position at June 30**

- €3.8bn in cash and cash equivalents
- Repayment of €0.6bn worth of commercial paper during first-half 2021
- A €2.5bn confirmed, undrawn line of credit
- No significant bonds falling due before 2022

<sup>(1)</sup> see slide 63 for FCF definition.





## 2021 MARKET SCENARIO: IN A VERY DISRUPTED ENVIRONMENT, DEMAND IS RECOVERING BUT STILL LAGS 2019



**PC/LT: +8% / +10%\***

- OE: microchip shortages mitigate the FY outlook
- RT: global demand rebounding, pull-up by North America, but still below pre-crisis levels at worldwide level



**TRUCK: +6% / +8%\***

Truck tires excl. China: +9% / +11%\*

- OE: markets rebounding outside China, from higher comparatives in the second half
- RT: strong rebound led by rising freight demand in every region



**SPECIALTIES: +10% / +12%\***

- Mining tires: upturn in demand, from a more favorable base in the second half
- Off-the-road tires: fast-growing demand
- Two-wheel tires: sustained growth
- Aircraft tires: growth in demand from weak comparatives



## 2021 SCENARIO

	2021
Volumes	<b>Slightly above markets</b>
Net price-mix/raw materials effect	<b>Positive</b> Neutral on second-half
Cost impact of raw materials prices and customs duties	<b>Strongly negative</b>
Currency effect *	<b>Strongly negative</b>

\* Voir slide 54



## FULL-YEAR 2021 GUIDANCE \*

	2021
Segment Operating Income at constant exchange rates	> €2,800m
Structural Free Cash Flow**	> €1,000m

\* Barring any new systemic effect from Covid-19: deeper supply chain disruptions or tighter restrictions on freedom of movement that would result in a significant drop in the tire markets.

\*\* Structural free cash flow : see slide 56

3

# ***FINANCIAL PROFILE***

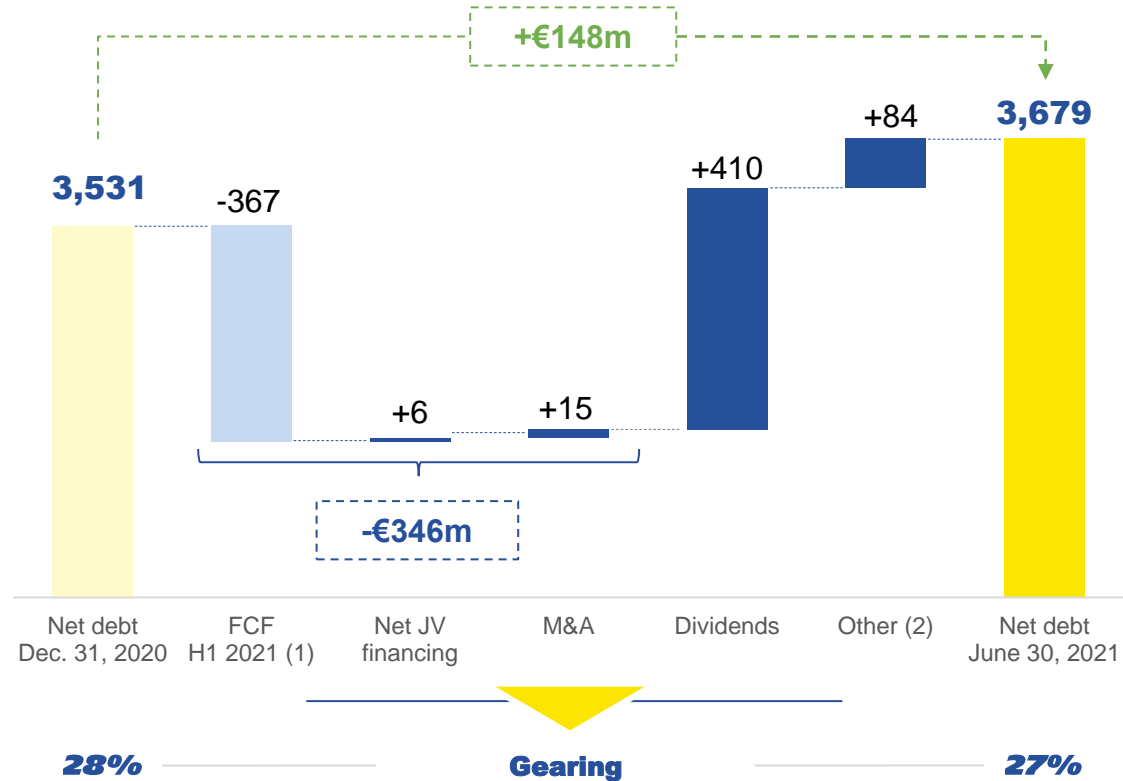


# 27% GEARING AT JUNE 30, 2021. ROBUST FINANCIAL POSITION CONFIRMED BY RATING AGENCIES.



## Net debt

(in € millions)



(1) Free cash flow before M&A and JV financing (see slide 63 for FCF definition).

(2) Mainly the impact of new leases, translation adjustments and share buybacks.



## Agency ratings at June 30, 2021

Compagnie Générale des Établissements Michelin

Short term	S&P Fitch	A-2 F-2
Long term	S&P Fitch Moody's (3)	A- A- A3
Outlook	S&P Fitch Moody's (3)	Stable Stable Stable

(3) Moody's rating is no longer solicited since July 1, 2020.

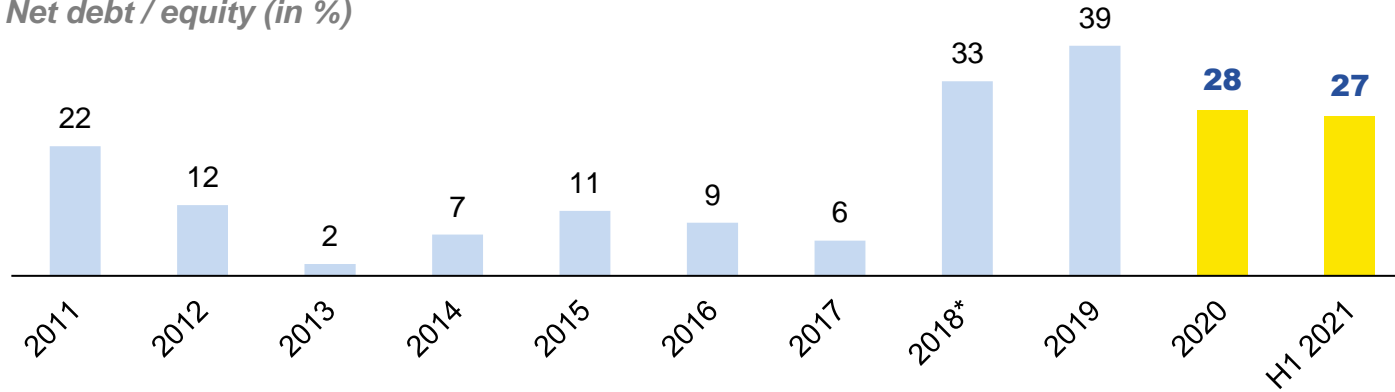


# NET DEBT EVOLUTION

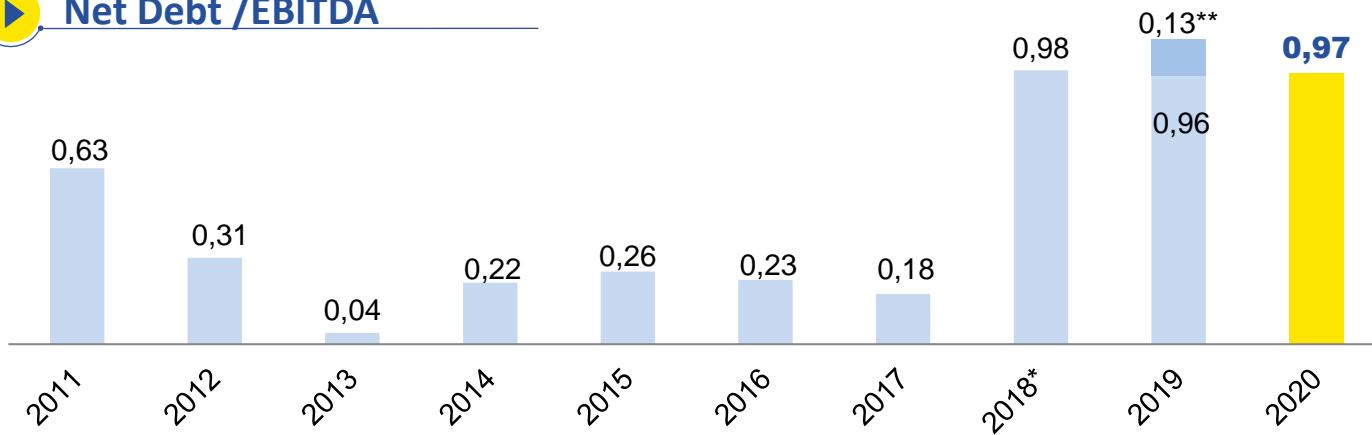


## GEARING

Net debt / equity (in %)



## Net Debt / EBITDA



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

\*\*IFRS 16 impact

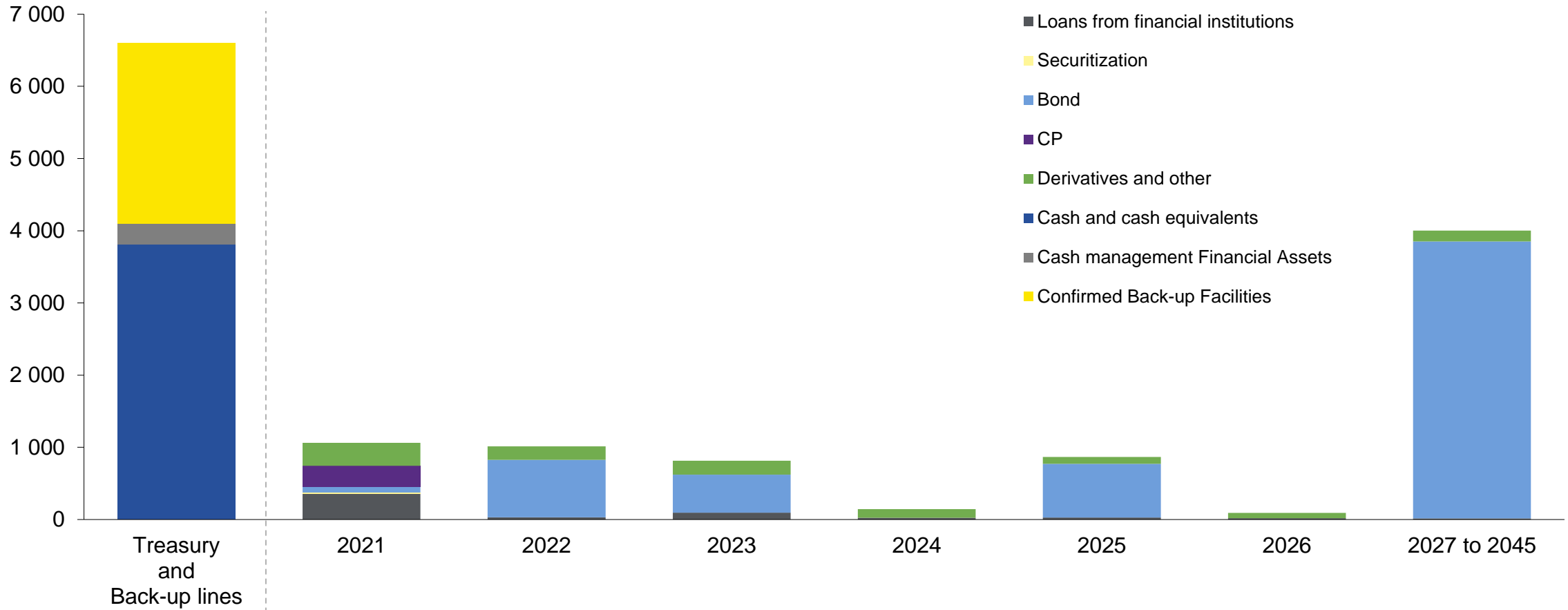


# A COMFORTABLE CASH POSITION



## Debt maturities at June 30, 2021

(carrying amount, in € millions)







# OUTSTANDING BOND ISSUES

(AS OF JUNE 30, 2021)



Issuer	Compagnie Générale des Établissements 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	\$ 500m + TAP \$100m	€ 300m	\$ 600m	€ 750m	€ 300m	€ 500m	€ 1'000m	€ 500m	€ 750m	€ 500m	€ 302m
Offering price	100% & 103,85%	99,97%	95,50%	99,10%	99,081%	99,89%	99,262%	99,54%	99,363%	99,46%	98,926%
Rating corporation 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 corporation 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	10-jan.-17 & 05-may-17	28-may-15	10-jan.-18	3-sept.-18	28-may-15	2-nov.-20	3-sept.-18	2-nov.-20	3-sept.-18	2-nov.-20	30-sept.-15 & 30-sept.-16
Maturity	10-jan.-22	28-may-22	10-nov.-23	3-sept.-25	28-may-27	2-nov.-28	3-sept.-30	2-nov.-32	3-sept.-38	2-nov.-40	30-sept.-45
Interest payment	N/A	Annual May 28	N/A	Annual Sept 03	Annual May 28	Annual Nov 02	Annual Sept 03	Annual Nov 02	Annual Sept 03	Annual Nov 02	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





## **CASH AND LIQUIDITY RESERVE**

- Total cash @ 4'100 Millions € @ June 30, 2021: 3'810 M€ of cash& cash equivalent + 290 M€ of financial assets – treasury management (after repayment of 650 M€ worth of commercial paper during first half 2021)
- 2'500 M€ of an undrawn committed syndicated credit facility refinanced in October/2020 at CGEM with 19 banks for 3+1+1 years (this facility replaces the previous CFM 1'500 M€ facility amended on December 10, 2014) :
  - Back-up facility
  - EUR and/or USD
  - No financial covenants

The facility comes with an CSR clause that links its pricing to a set of Sustainability Performance Targets.

- Main short-term debt programs :
  - French Commercial Papers (NEUCP) : maximum @ 2.500 M€ (since May/2019)
  - US Commercial Papers (USCP) : maximum @ 700 M\$
  - Pan- European receivables securitization program : total capacity @ 300 M€
  - US receivables securitization program : total capacity @ 200 M\$ (+ 350 M\$ accordion line)
  - Reverse factoring program

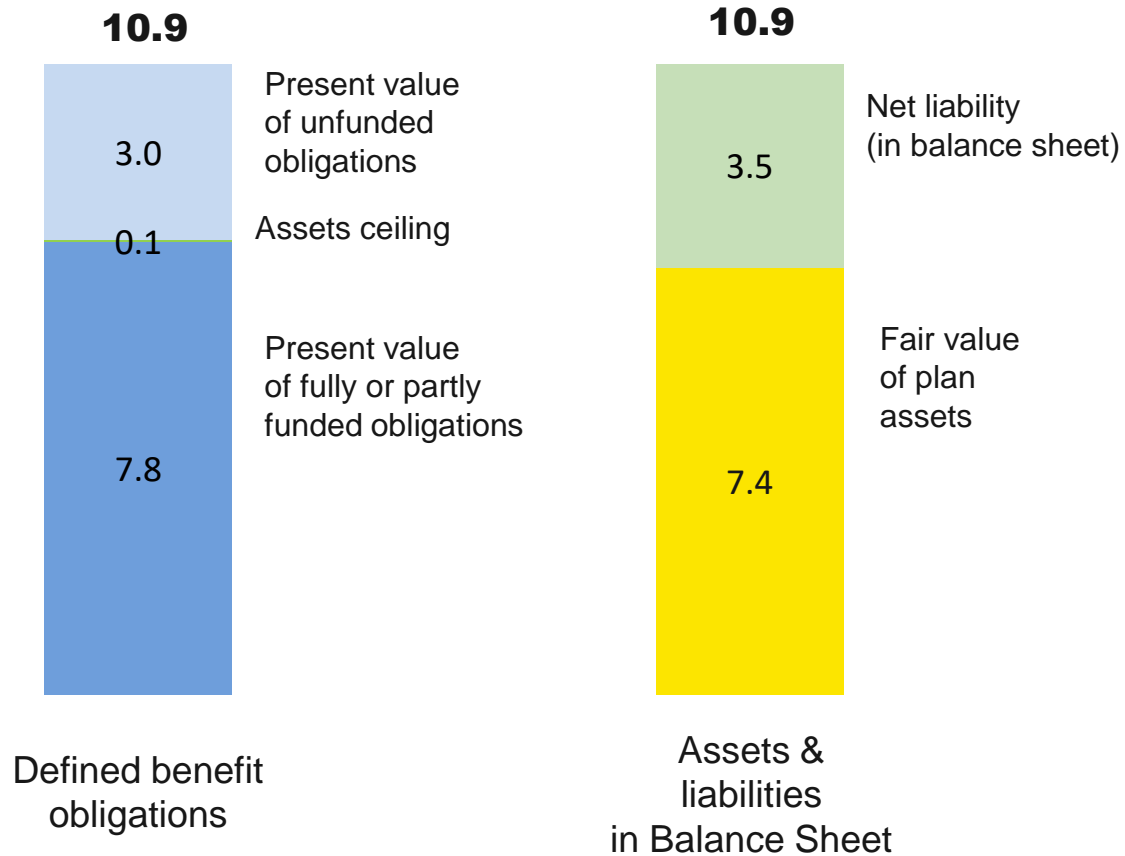


## **SYSTEMATIC AND EFFICIENT MANAGEMENT OF THE MAIN FINANCIAL RISKS UNDER THE GOVERNANCE OF THE FINANCIAL RISK COMMITTEE**

- **Liquidity risk:**
  - Secured financing : RCF, undrawn committed syndicated credit facility of 2'500 M€
  - Diversified financing sources
  - Conservative approach with available short- term instruments much above our needs
  - Non-risky cash investment
  - Risk managed at diverse horizons: very short term (1-5 d), monthly on a rolling 18m (with a focus @ 3m), 5y financial plan
- **Interest rate risk:**
  - Managed by currency at central level only
  - Defined fixed/variable thresholds
- **FX rate risk:**
  - Accounting FX exposure systematically hedged on a daily basis (with derogation on a weekly basis)
- **Counterparty risk:**
  - Duly authorized counterparts (Group banks, CDS, ratings, market cap, ...) with defined thresholds in €
  - Managed on a weekly basis



## DEFINED BENEFIT PLANS AS AT DECEMBER 31, 2020 (in billions €)



### Estimates of contributions to be paid and benefits to be paid directly

2021e:	€178m
2022e:	€217m
2023e:	€214m
2024e:	€221m
2025e:	€225m
2026-2030e:	€1,095m

**4**

**2023 TARGETS  
& 2030 AMBITIONS**





## **CAPITAL MARKETS DAY: RELIVE THE EVENT**

A dedicated page has been created for the event on the [www.michelin.com](http://www.michelin.com) website. It features a number of [replayable](#) videos that review the day's presentations and offer insight into the following themes, which are going to drive the Group's sustainable growth:

- [Michelin's Environmental Leadership](#): Focus on the Automotive segment
- [Industry 4.0](#): a key lever to improve our industrial efficiency
- [Services and Solutions](#): understanding customer needs and how our products are used enables us to develop and offer high value-added solutions
- [High-Tech Materials](#): leveraging our R&D expertise in materials, to develop new growth avenues
- [Metal 3D Printing](#): a unique offering in a very high-potential market
- [Hydrogen](#): becoming a global player in hydrogen mobility

# **MICHELIN**



The **digital version of the 2020 Annual Report** is available on the Group's corporate site at the following address:  
<https://www.michelin.com/en/annual-report/>



▶ **SALES GROWTH**  
from 2023

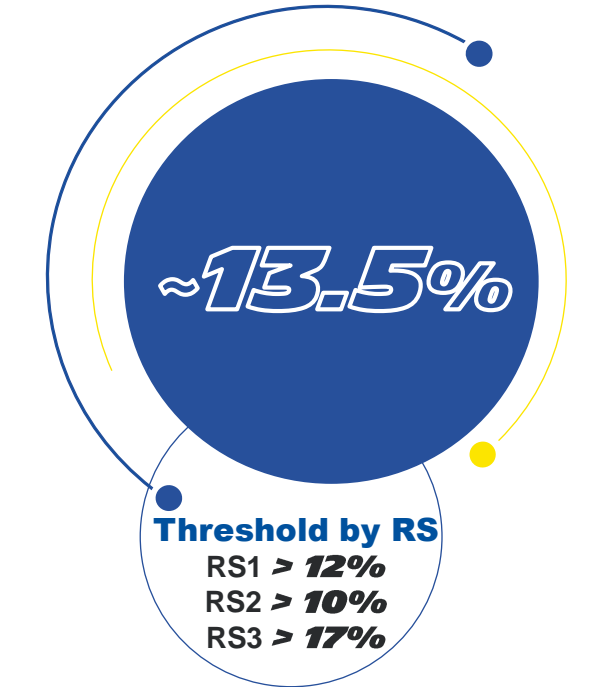


▶ **ROCE \***  
from 2023



\* Return on Capital Employed (definition on slide 63), annual target

▶ **Segment Operating Income**  
in 2023





# 2030 VISION: DETAILED STRATEGIC SCORECARD



	AMBITIONS	METRICS	2030 SUCCESS
People	Be world-class in employee engagement	<b>Engagement rate</b>	<b>&gt;85%</b>
	Be world-class in employee safety	<b>TCIR*</b>	<b>&lt;0.5</b>
	Be a reference in diversities and inclusion of teams	<b>IMDI*</b>	<b>80 points over 100</b>
	Be best-in-class in value created for customers	<b>NPS* partners and NPS final customers</b>	<b>+10 and +5 pts respectively</b>
Profit	Deliver substantial growth	<b>Total sales</b>	<b>5% CAGR 23-30</b>
	Deliver continuous financial value creation	<b>ROCE*</b>	<b>&gt;10.5%</b>
	Maintain MICHELIN brand power	<b>Brand vitality quotient</b>	<b>+5 pts vs 2021</b>
	Maintain best-in-class innovation pace in products and services	<b>Offers vitality index</b>	<b>&gt;30%</b>
Planet	Reach carbon neutrality by 2050 (manuf. and energy)	<b>CO2 emissions scopes 1&amp;2</b>	<b>(50%) vs. 2010</b>
	Contribute to reaching carbon neutrality (usage)	<b>Products energy efficiency (scope 3)</b>	<b>+10% vs. 2020</b>
	Be best-in-class in environmental footprint of industrial sites	<b>i-MEP*</b>	<b>-1/3 vs. 2019</b>
	Reach full circularity of products by 2050	<b>Sustainable Material Rate</b>	<b>40%</b>

\* 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, see p.150 of the 2020 Universal Registration Document





# 2023 TARGET: EXITING THE CRISIS IN A POSITION OF STRENGTH

## 2020 → 2023

**€300M**

Cumulated net gain, tire activity

**~ €80M / YEAR**

### Manufacturing

Partly reinvested to finance mix enrichment and improve operating leverage

**~ €20M / YEAR**

### SG&A

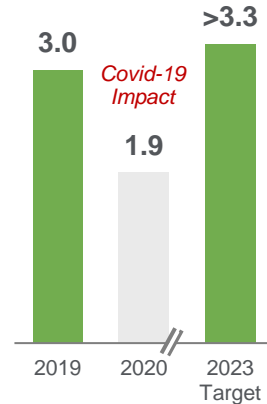
Partly reinvested to finance non-tire businesses expansion, around and beyond tire

## 2023 Group target

### PROFITABILITY

Segment Operating Income

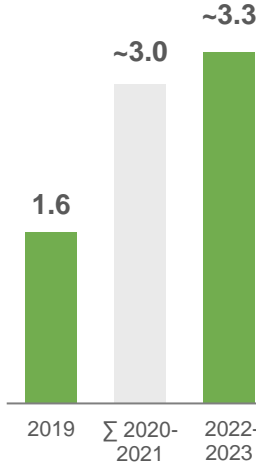
% margin  
12.5% ~13.5%



Cost competitiveness and price mix

### CASH GENERATION

Structural FCF



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

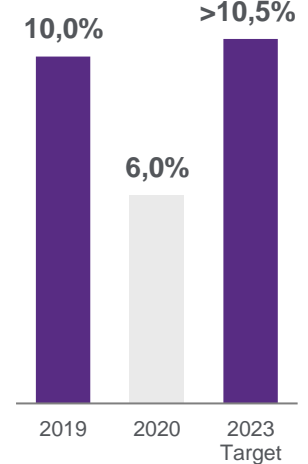
▶ Segment operating margin thresholds:

- RS1 > 12%
- RS2 > 10%
- RS3 > 17%

## From 2023 and beyond

### RETURN ON CAPITAL EMPLOYED

Including M&A (%)



▶ **ROCE > 10.5%** from 2023, ensuring **3 points of economic added value\*** every year

\* See section 5.1.6 of 2020 Universal registration document

# 4

## 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



**Financial discipline**  
**2023-2030 ROCE >+10.5%**

**Strong financial position and ratings**  
**(A- at both Fitch and S&P)**



# RESETTING OUR SHAREHOLDER RETURN POLICY: INCREASING PAYOUT TO 50%



## HISTORICAL PAYOUT RATIO

Dividend (€ p.s.)

€2.50

€2.85

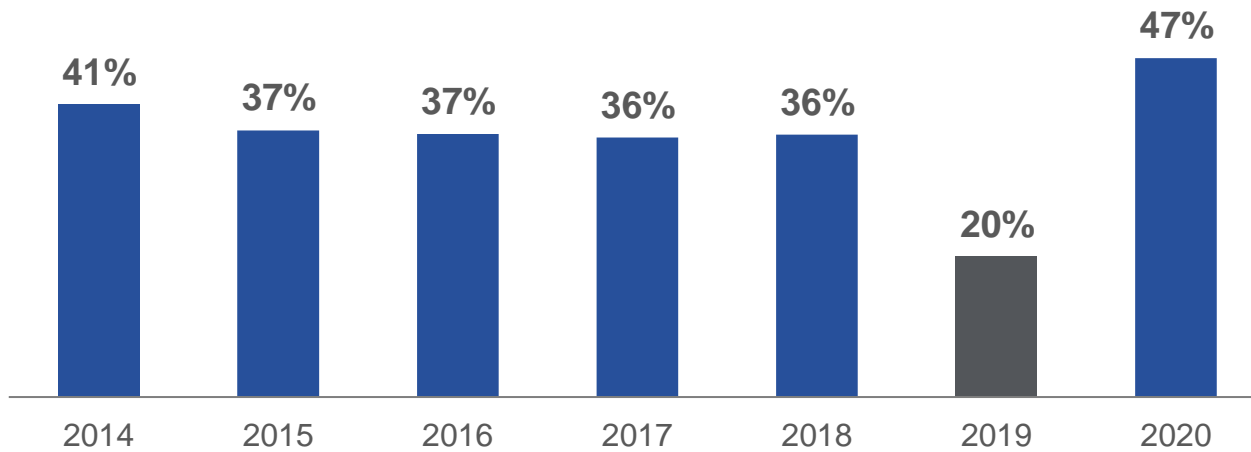
€3.25

€3.55

€3.70

€2.00

€2.30



**CONSISTENTLY DELIVERED ABOVE 35%  
DIVIDEND PAYOUT**

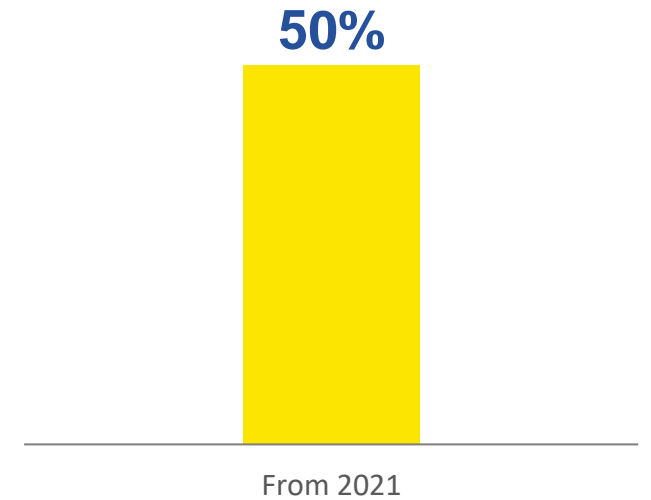
*(except in 2020 due to the pandemic)*

**Anti-dilutive / opportunistic share buyback program**



## FUTURE PAYOUT RATIO

Before non-recurring items



**INCREASED DIVIDEND  
PAYOUT RATIO AT  
50% P.A. FROM 2021**



WITH  
TIRES



5

## ***TIRES***

*STRONG GROWTH OPPORTUNITIES  
IN A POST COVID WORLD*



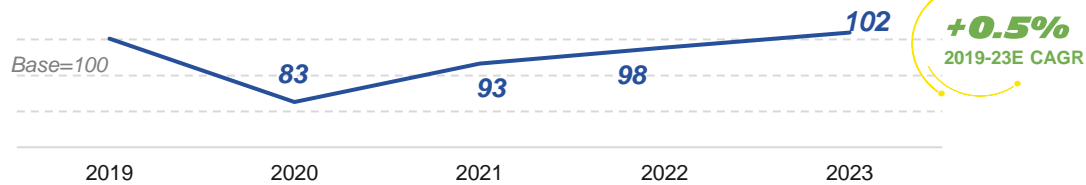


# PASSENGER CAR: STEADY GROWTH WITH STRONG MIX ENRICHMENT

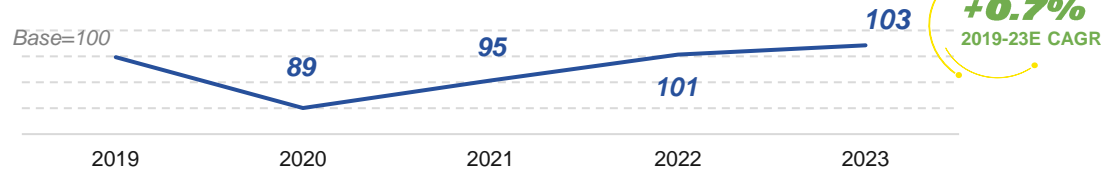


## PASSENGER CAR MARKETS TREND

Original equipment world market (unit)

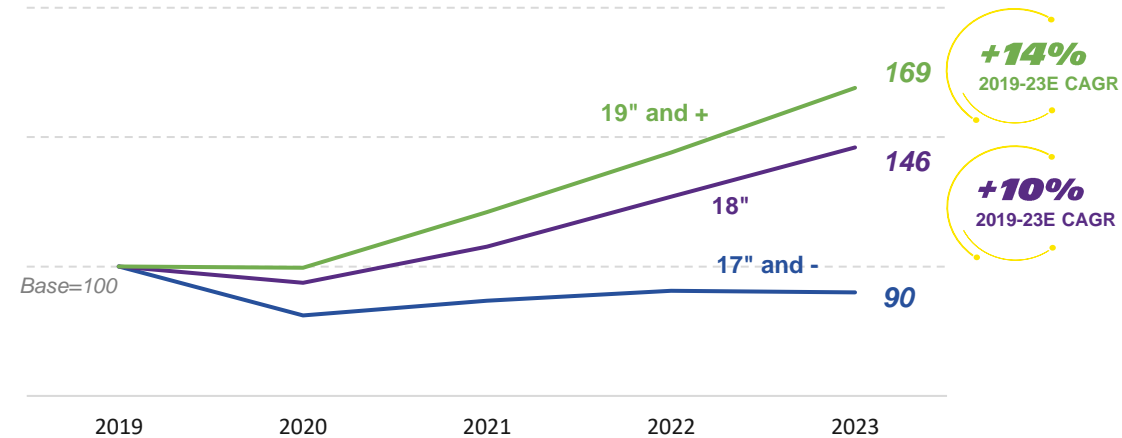


Replacement world market (Unit)



## 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



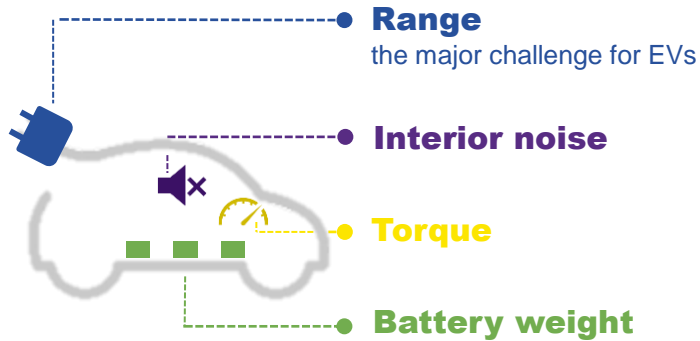
Strong and sustained mix enrichment



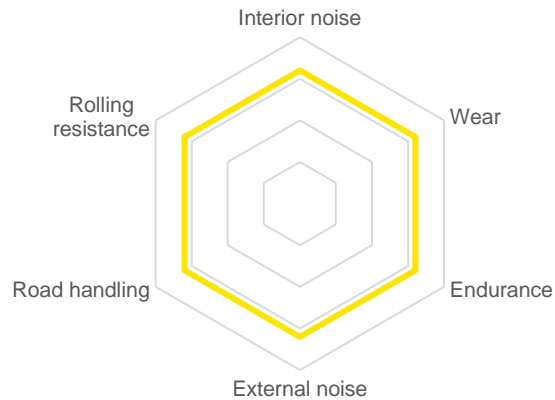
# EV<sup>(1)</sup> MARKET: A GREAT OPPORTUNITY FOR MICHELIN TO DEMONSTRATE ITS TECHNOLOGICAL LEADERSHIP



## VEHICLE ELECTRIFICATION CHALLENGES



## TIRES FOR EV: INCREASE DEMAND FOR PERFORMANCE



**High-performance solutions**

**aligned with EV needs**



## AN OFFERING FULLY ALIGNED WITH OPPORTUNITY

EV OE share / Total OE share



for battery electric-vehicles

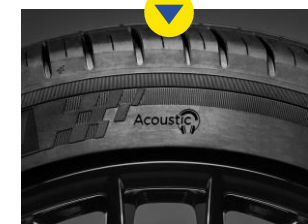


OE/RT loyalty rate

HL TIRES (High Load)

**1<sup>ST</sup> TIRES**  
in the coming weeks

ACOUSTIC TECHNOLOGY



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

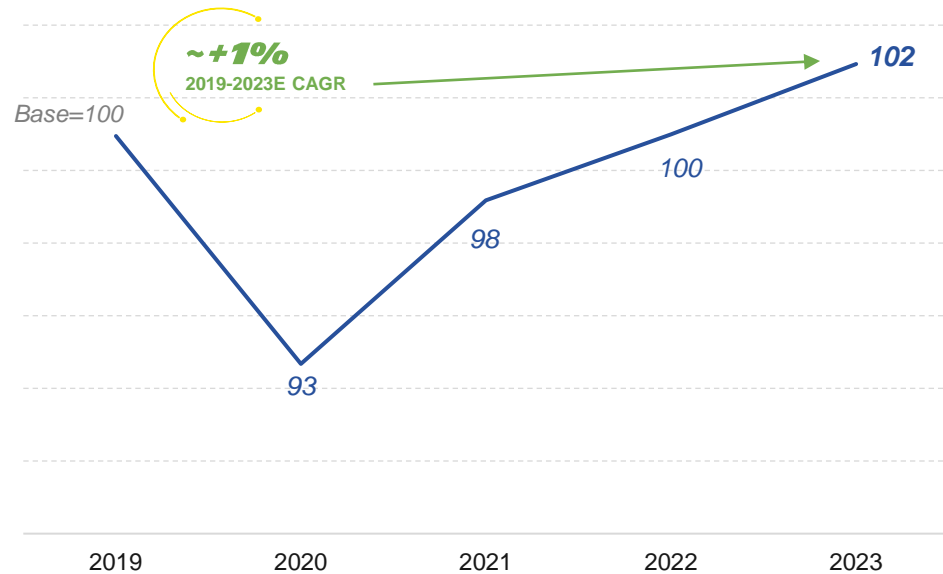


# TRUCKS: RECOVERY PROSPECTS DRIVING VALUE CREATION FOR MICHELIN

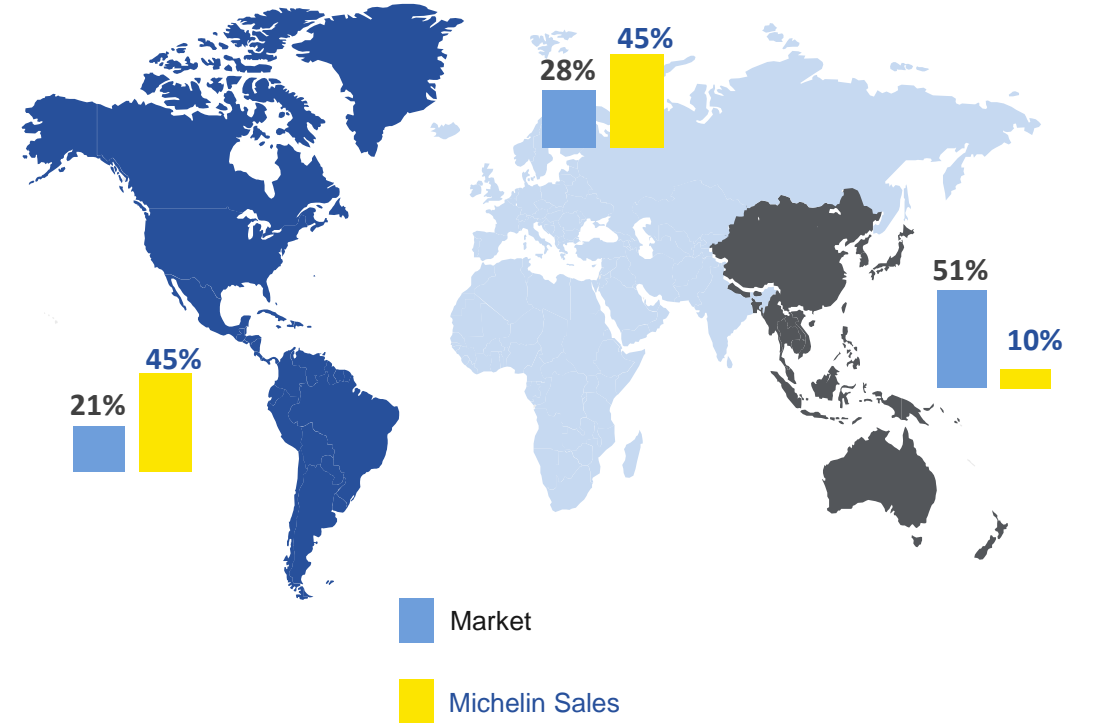


## TRUCK TIRE MARKET TREND

Worldwide market (units)



## 2020 TRUCK TIRE MARKET AND SALES GEOGRAPHICAL DISTRIBUTION



Innovating in new Solutions & Services in Americas and EMEA

Capturing pockets of value creation in Asia



# TRUCKS: NEW CHALLENGES AHEAD FUELING GROWTH OPPORTUNITIES ON VALUE CREATIVE MARKETS

## Fleets in search of increased efficiency

Additional projects with connected vehicles



## Acceleration in sustainable transportation

Original Equipment with the new VECTO standards



## Acceleration in "Last mile delivery"

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.

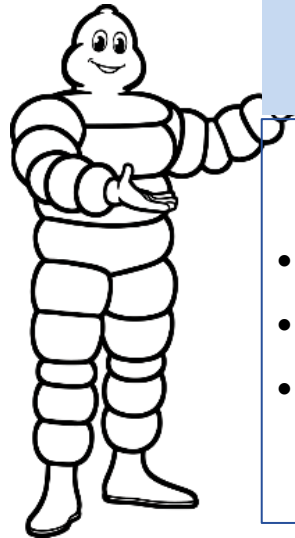
## Solutions to improve environmental footprint

- **New optimized products:**
  - Rolling resistance
  - Sustainable material rate
  - Long-lasting performance
- **Strengthening of the retreading business**
- **Michelin Green Mobility / Watea**

## Targeted offers for "last mile" fleets

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

\* Source: Accenture Research







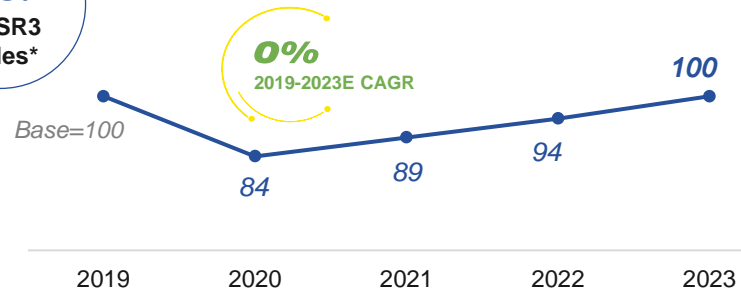
# MINING, OFF THE ROAD AND 2-WHEELS TIRES: STRUCTURALLY GROWING MARKETS, INCREASINGLY INFLUENCED BY ENVIRONMENTAL CONCERNS



## MINING MARKETS

Worldwide market / underground mining (tons)

~35% of SR3 sales\*



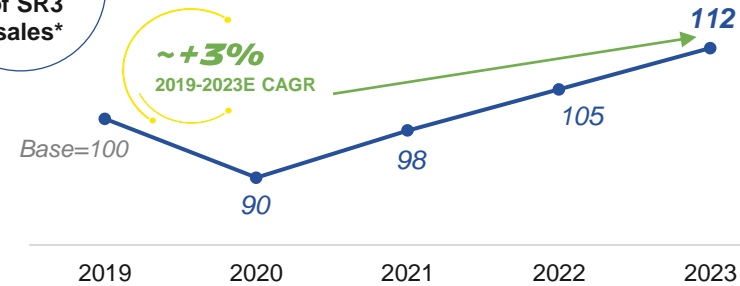
2019-2030 CAGR: ~+3%



## MOTO LEISURE & COMMUTING MARKETS

Worldwide market (units)

~7% of SR3 sales\*



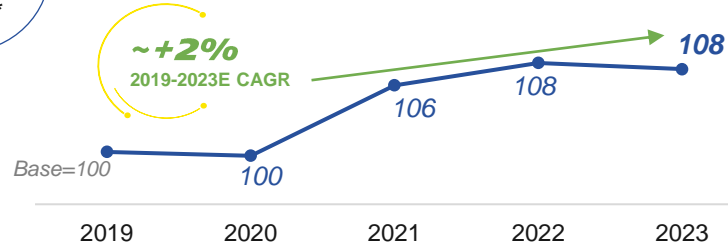
Volume and value growth: use of bicycles and scooters to increase up to 10% by 2030



## AGRICULTURE MARKETS

Worldwide\* market (units tires & tracks)

~12% of SR3 sales\*



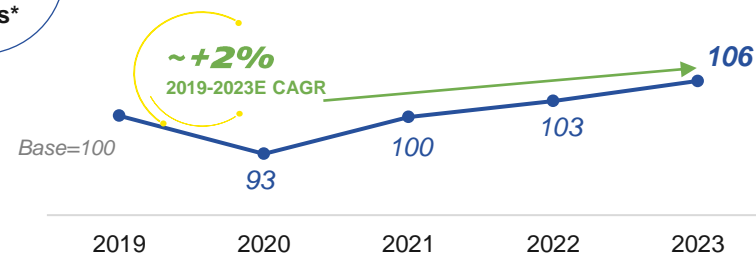
Long-term CAGR: ~+3%



## CONSTRUCTION MARKETS

Worldwide market (units)

~12% of SR3 sales\*



Recovery following adverse cycle in construction

\* 2019 Sales



# SPECIALTIES: POSITIONED TO CAPTURE CYCLE UPSIDE THROUGH DIFFERENTIATION

## Product Differentiation

- Performance and braking
  - Wet grip, for new and used tires
- 
- Tire resistance
  - Connected tire (e.g., MEMS or TPMS)
- 
- Increase in loads carried and driving speeds
  - Reduced of compaction of agricultural soils
- 
- Lower energy consumption and CO<sub>2</sub> emissions
  - Mass efficiency
  - Recyclable products

MICHELIN XDR – 63”



MICHELIN CEREXBIB 2



**SAFETY**

**OPERATIONS CONTINUITY**

**OPERATIONS PRODUCTIVITY**

**SUSTAINABILITY**

## 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 product management

ON-SITE INSPECTION AND MAINTENANCE



RECYCLING



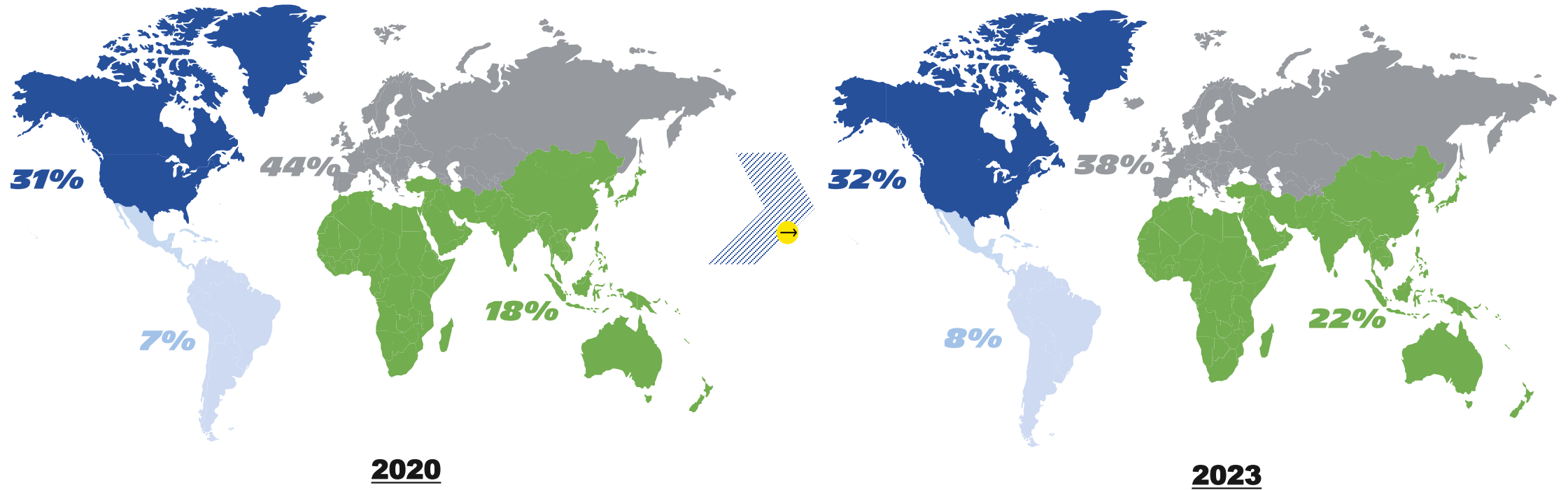


# COMPETITIVENESS PLAN: REBALANCING OUR INDUSTRIAL FOOTPRINT TO BECOME MORE LOCAL-TO-LOCAL



## SEIZING POSITIVE MOMENTUM IN EMERGING MARKETS

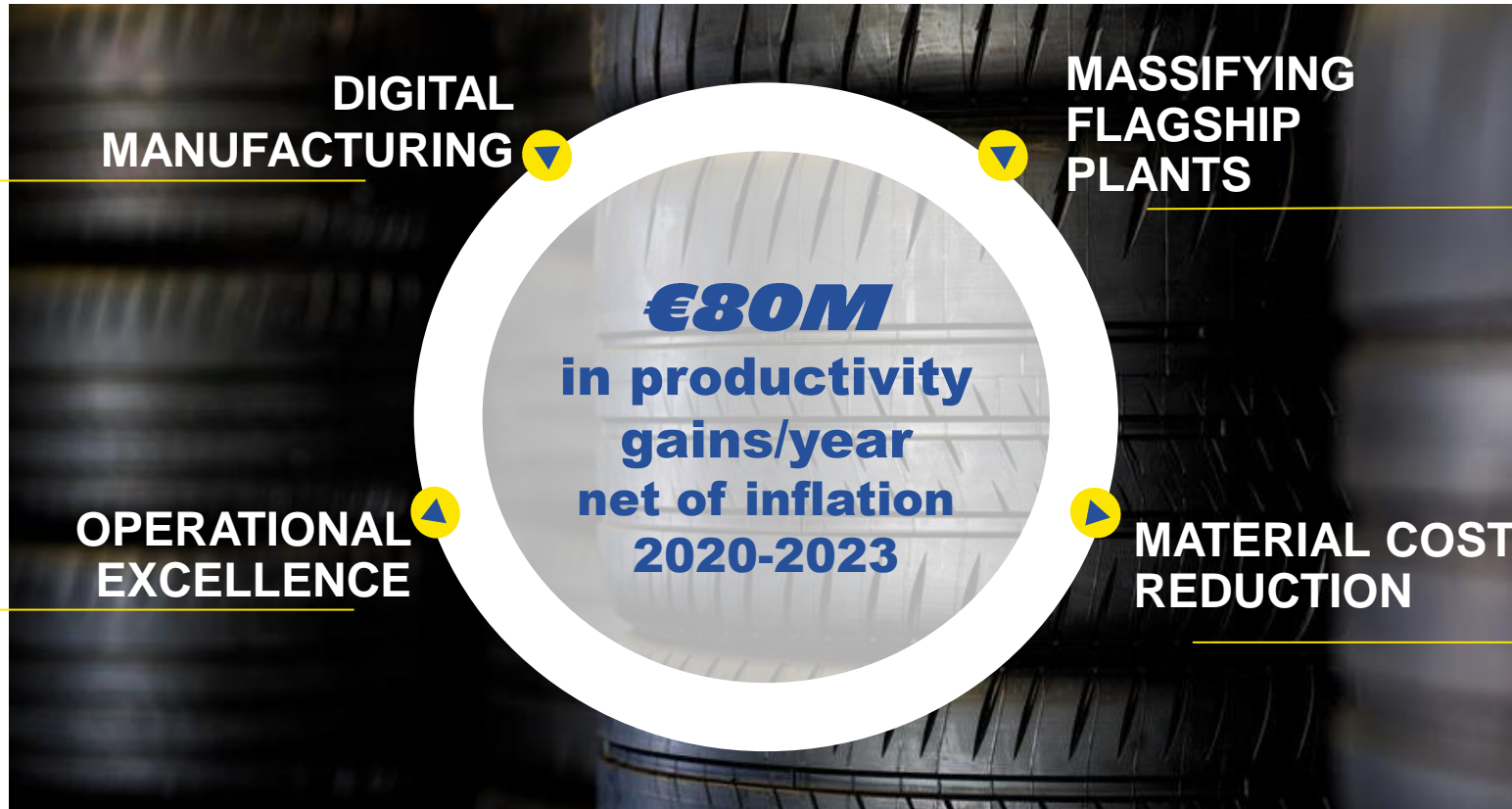
(% Manufacturing capacity)



Increase local-to-local ratio  
Reducing inventories and CO<sub>2</sub> emissions  
Best-in-class supply chain



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



Automation  
Artificial  
Intelligence

Flexibility  
Simplexity  
Process  
Standardization

Responsiveness  
Cost optimum  
*In 2025, 16 sites will have an average production capacity of 140Kt*

Design to cost  
Scrap reduction  
Upstream gains



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



## **INCREASING PRODUCTIVITY**

Leveraging new technologies (AI)

Digitalizing operations

Optimizing the industrial footprint

## **SIMPLIFYING PROCESSES**

Standardizing best practices

Decision making closer to customers

Developing shared service centers

Reengineering end to end processes








***AROUND & BEYOND TIRES***  
*LEVERAGING OUR INNOVATION CAPABILITIES TO  
DELIVER NEW GROWTH AVENUES*





# 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>	LEADERSHIP POSITION
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>	SIGNIFICANT GROWTH
	Medical	 <p><i>Early-maker in Medical, Hydrogen, and 3D Metal Printing...</i></p>	<ul style="list-style-type: none"> <li>• Three promising ecosystems</li> </ul>	FINANCIAL VALUE CREATION
	Hydrogen	 <p><i>...with ESG focus and transition towards carbon-free operations</i></p>		
	3D Metal Printing			



# SERVICES AND SOLUTIONS: DEVELOPING AND ENRICHING OUR VALUE PROPOSITION FOR FLEETS AND MOBILITY

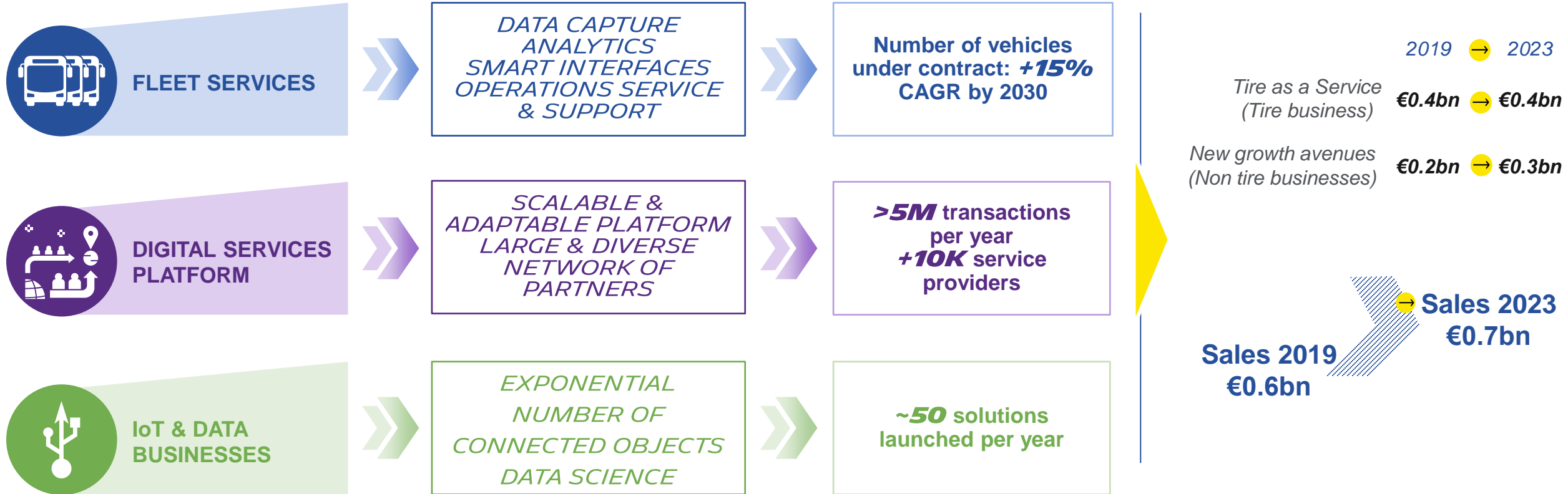
Tire as a Service	Fleet Management	Other Fleet Services	Digital Services Platform (DSP)	IoT & Data Businesses
Offering bespoke tire-related services	Optimizing fleet operations	Supporting fleets in their daily needs	Providing a one-stop-shop service platform dedicated to fleets	Monetizing specialized mobility-related insights
<p><i>EFFITIRES™</i></p> <p><b>MICHELIN® TIRE CARE</b></p> 	<p>masternaut <i>sascar</i></p> <p>NexTraq <b>EFFITRAILER™</b></p> 	<p> <b>ONCall</b></p> <p> <b>EUROMASTER</b> Pneus et Entretien Véhicules</p> <p><b>MICHELIN</b> COMMERCIAL SERVICE NETWORK</p> <p><b>TRUCKFLY</b> by Michelin</p>	<p> <b>maestro</b></p> <p></p>	

Expanding our customer base  
Reaching new territories





# SERVICES AND SOLUTIONS: KEY LEVERS TO REACH OUR AMBITIONS





# HIGH-TECH MATERIALS: STRENGTHENING OUR POSITIONS ALONG THE VALUE CHAIN



## CURRENT ACTIVITIES

Recovered materials  
**Lehigh TECHNOLOGIES**  
**enviro** SCANDINAVIAN ENVIRO SYSTEMS

Sustainable monomers and polymers  
**BIOBUTTERFLY**  
**PYROWAVE** CLOSING THE LOOP

Special adhesives  
**ResiCare**

Compounding

Coated fabrics & Reinforcements  
 Belting products & solutions

High-end polymers  
**Fenner** PRECISION POLYMERS  
**FENNER & DUNLOP** ENGINEERED CONVEYOR SOLUTIONS

Conveyors  
**Advanced Sealing Technologies**  
 A Michelin High Tech Materials Company

## TARGET POSITIONING

Accelerator of differentiating technologies for tires and 'rubber goods', in the field of bio-sourced materials and recycling

Leading player in the field of special adhesives and tailor-made polymers

Global leading player with significant position (in top 3) in targeted segments, requiring high level of technicity and demanding balance of performance





# HIGH-TECH MATERIALS: ACCELERATING THE DEVELOPMENT OF 3 MAIN ECOSYSTEMS THROUGH PARTNERSHIPS FOR SUSTAINABLE GROWTH

## REGENERATIVE MEDICINE & CELLULAR THERAPY



### MARKET POTENTIAL

Cell & gene therapy	Cardio medical devices
<b>+20%</b> CAGR 2020-2030	<b>&gt;10%</b> CAGR 2020-2030

### AMBITIONS <sup>1</sup>

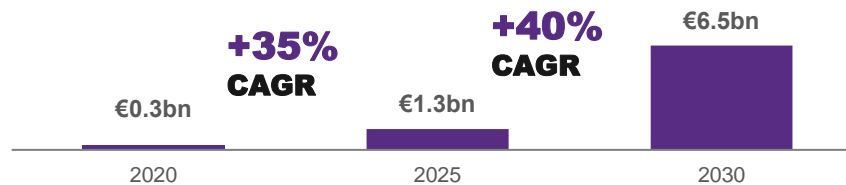
Becoming a leading innovation and manufacturing partner	Being the manufacturing operator customers' trust
<b>Cell therapy</b> <b>Bioresorbables</b> <b>Regenerative medicine</b>	

Note 1: Michelin holds a 49% stake in Solesis (equity-accounted company)

## HYDROGEN MOBILITY



### MARKET POTENTIAL



### AMBITIONS <sup>2</sup>

Becoming a leader in fuel cell stack systems

<b>€0.2bn</b> sales in 2025	<b>€1.5bn</b> sales in 2030
--------------------------------	--------------------------------

Note 2: 100% of Symbio - Michelin holds a 50% stake in Symbio (equity-accounted company)

## 3D METAL PRINTING



### MARKET POTENTIAL

Medical & aerospace are the most industrial-scale end markets

<b>+23%</b> CAGR 2020-2030	<b>~\$13bn</b> in 2030
-------------------------------	---------------------------

### AMBITIONS <sup>3</sup>

<b>€100m</b> sales and breakeven by 2023	<b>&gt;€500m</b> sales by 2030
--	-----------------------------------

Note 3: 100% of AddUp  
Michelin holds a 50% stake in AddUp (equity-accounted company)



7

**MICHELIN'S SUSTAINABLE  
LEADERSHIP**

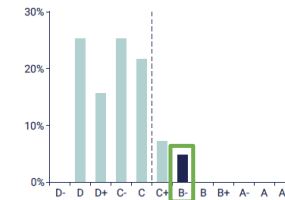
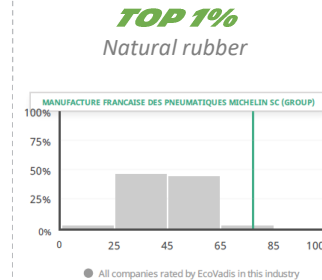
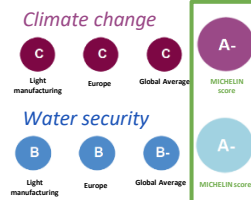
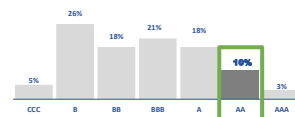
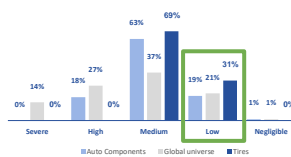


# NON-FINANCIAL PERFORMANCE: MICHELIN, A LEADING AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

## Major sustainability rating (as of September 07, 2021)

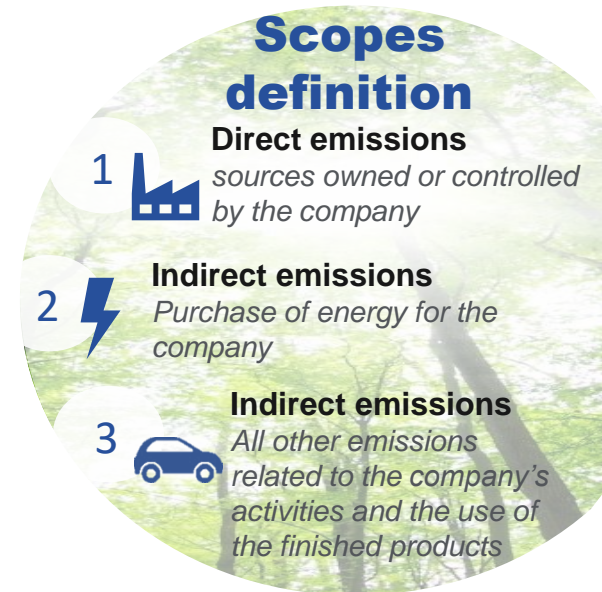
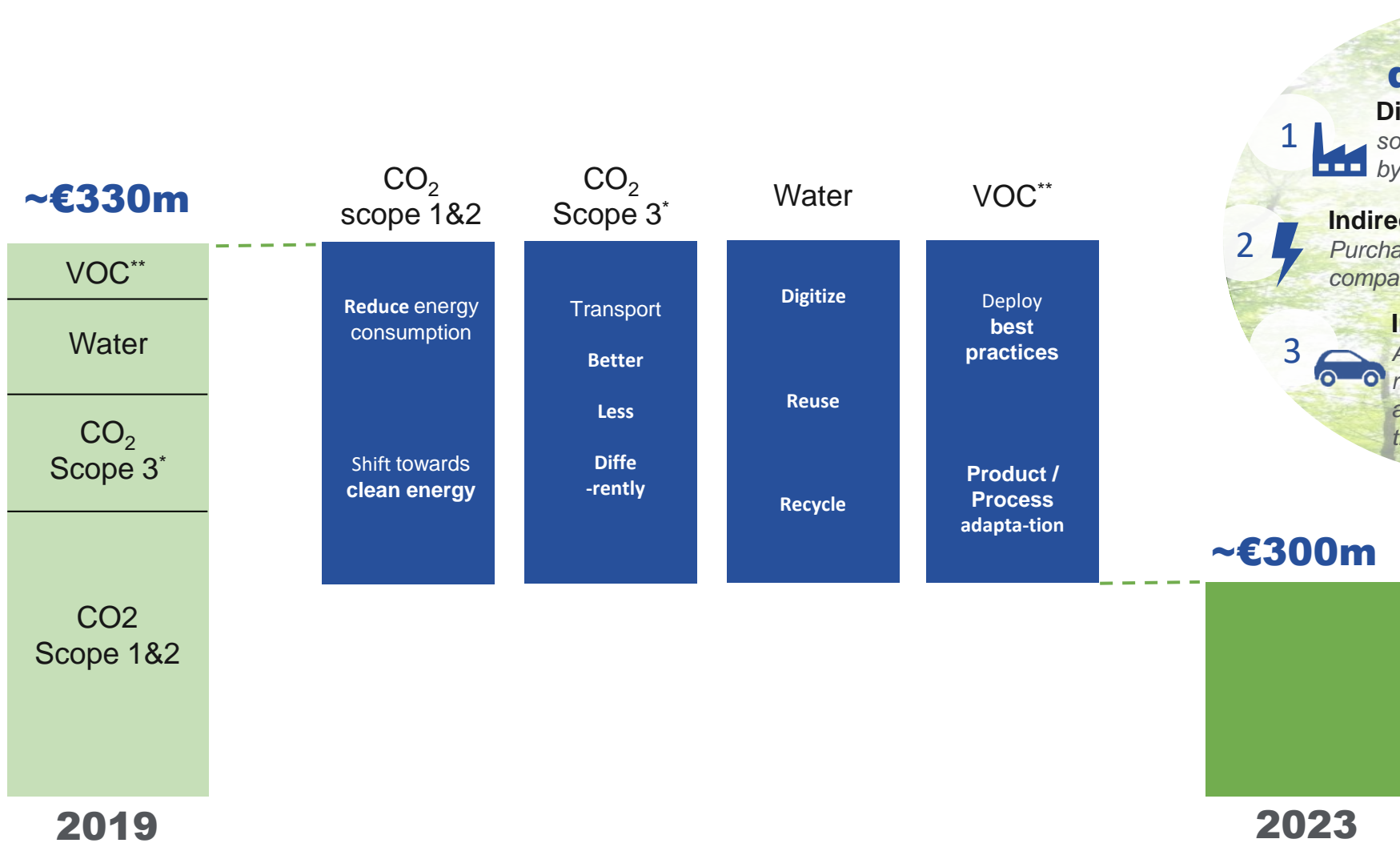
	SUSTAINALYTICS <i>(risk rating) 2021</i>	MSCI 2020	CDP 2020	ECOVADIS 2021	ISS-OEKOM 2021	VIGEO EIRIS Moody's 2021
Status	<b>LOW RISK</b>	<b>AA</b>	<b>LEADERSHIP</b>	<b>PLATINIUM</b>	<b>PRIME</b>	<b>A1+</b>
Rating	<b>13.1</b>	<b>8.4/10</b>	<b>A-</b>	<b>78/100</b>	<b>B-</b>	<b>73/100</b>

### Ranking / Distribution of ratings





**ON THE ROAD TO CARBON NEUTRALITY BY 2050, MICHELIN STARTS TO VALORIZE ITS NEGATIVE EXTERNALITIES IN 2020 AND COMMIT TO A 10% REDUCTION AS EARLY AS 2023**



\* Only transport and distribution upstream and downstream of Natural Rubber, semi-finished and finished goods  
 \*\* Volatile organic components





# ENVIRONMENTAL AWARENESS, THROUGHOUT THE LIFECYCLE OF MICHELIN'S PRODUCT, STARTING FROM R&D DESIGN

**RAW MATERIALS**  
Sustainable natural rubber supply



**MANUFACTURING**  
Reducing impact



**LOGISTICS**  
Reducing the 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 CO<sub>2</sub> emissions  
Safe when new, safe when worn



**ENERGY RECOVERY**

**END OF LIFE**

**RETREADING**

Substantial savings in raw materials





**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)





# ENVIRONMENT PROTECTION: MICHELIN IS A LEADER IN ACTING FOR BIODIVERSITY PROTECTION

act4nature  
international



## AMBITIONS FOR 2030

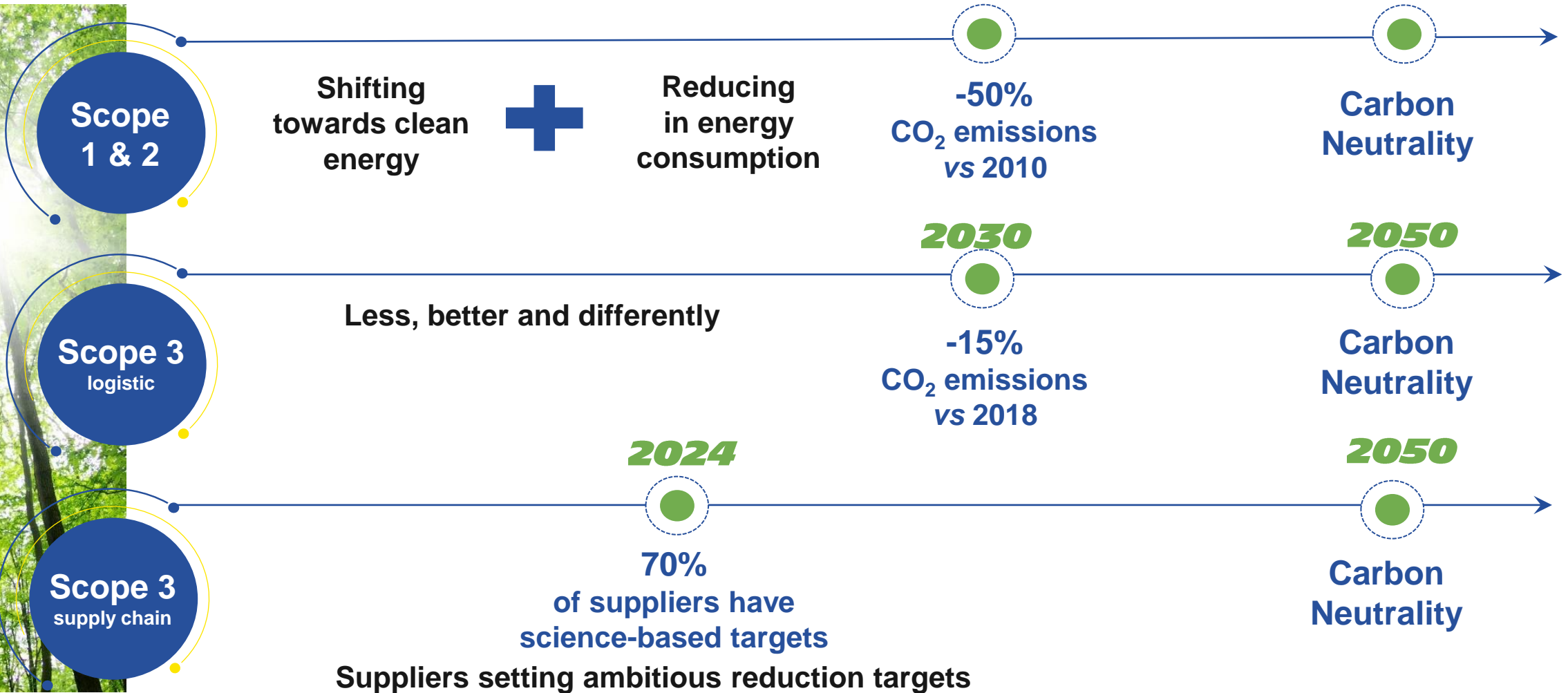
### ▶ BIODIVERSITY

\* Replacement of pesticides and fertilizers by mechanical methods combined with other alternative solutions





# 2030 ENVIRONMENTAL AMBITION: ON THE PATH TO REACH CARBON NEUTRALITY IN 2050





# CONTINUOUSLY IMPROVING THE ENVIRONMENTAL PERFORMANCE OF OUR PRODUCTION SITES



## 2030 OBJECTIVES

REDUCTION OF THE INDUSTRIAL ENVIRONMENTAL IMPACT BY 1/3 <sup>(1)</sup> THROUGH 5 PROGRAMS



WATER WITHDRAWALS



**-33% <sup>(1)</sup>**

(m<sup>3</sup>/t weighted by water stress index)



GENERATED WASTE



**-25% <sup>(1)</sup>**

(kg/t)



ORGANIC SOLVENT CONSUMPTION



**-50% <sup>(1)</sup>**

(kg/t)



ENERGY CONSUMPTION



**-37% <sup>(2)</sup>**

(GJ/t)



CO<sub>2</sub> EMISSION



**-50% <sup>(2)</sup>**

(t)

(1) vs 2019, see p.150 of the 2020 Universal Registration Document

(2) vs 2010

/t = ratio basis on semi-finished or finished products volumes



## **SETTING THE STANDARD FOR EMPLOYEE DIVERSITY AND INCLUSION**

### **EQUAL OPPORTUNITY**

Every employee can develop his/her talents within the company. Michelin pays particular attention to the internal promotion of manufacturing operators.

### **GENDER BALANCE**

Achieve parity among Group executives and, by 2030, set the gender balance benchmark in our industry.

### **DISABILITY**

Michelin offers career paths to people of all abilities according to its talent development policy.



### **IDENTITY**

(All D&I\* aspects, e.g., age, sexual orientation, ethnicity, religion, etc.)  
Enable every person to be who they really are and to bring their authentic selves to work.

\* Diversity & Inclusion

### **MULTI-NATIONAL MANAGEMENT**

All our host country nationalities and cultures are represented in all corporate functions in the operating regions and at headquarters, in line with the geographical footprint of each business.



# ***APPENDICES***





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

% of sales (2020)		H1 2021 € change vs. currency	Droptthrough* sales / SOI
USD	36%	+ 9%	35% / 45%
EUR	32%	-	-
CNY	6%	+ 1%	25% / 30%
AUD	3%	- 7%	80% / 85%
GBP	3%	- 1%	25% / 30%
BRL	3%	+ 22%	-30% / -20%
CAD	3%	- 0%	25% / 30%
RUB	1%	+ 18%	25% / 30%
JPY	1%	+ 9%	80% / 85%

% of sales (2020)		H1 2021 € change vs. currency	Droptthrough* sales / SOI
CLP	1%	- 3%	80% / 85%
MXN	1%	+ 3%	25% / 30%
THB	1%	+ 7%	-130% / -100%
TRY	1%	+ 33%	80% / 85%
SEK	0.8%	- 5%	80% / 85%
TWD	0.6%	+ 2%	80% / 85%
ZAR	0.4%	- 3%	80% / 85%
ARS	0.3%	+ 55%	80% / 85%
COP	0.2%	+ 8%	80% / 85%
Others	5.7%	-	-

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

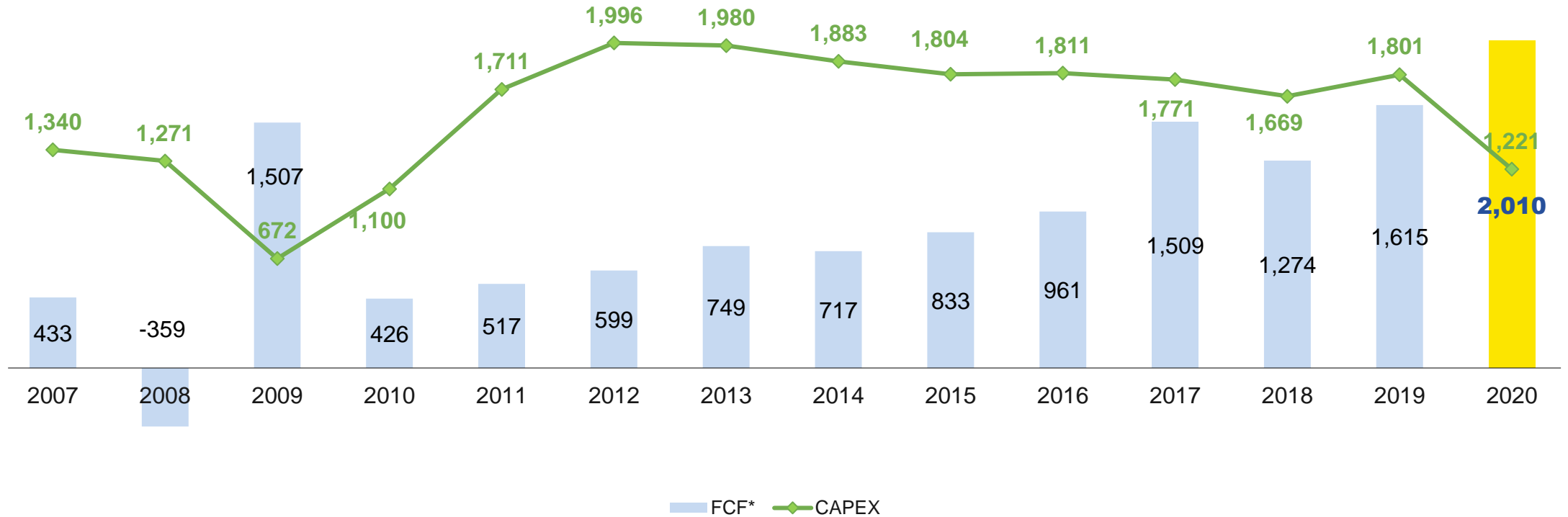


# 2007 – 2020: GROUP CAPACITY TO PROTECT AND IMPROVE ITS FREE CASH FLOW GENERATION



## Free cash flow\* and CAPEX 2007 - 2020

(in € millions)



\* Reported FCF from 2007 to 2010, Structural FCF from 2011 onwards (see slide 63 for Structural FCF definition)

### Free cash flow

FCF is stated before dividend payments and financing transactions. It corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

### 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 sales of following activities: Services and Solutions (excl. TaaS and Distribution), Conveyor Belts and High-Tech Materials excluding JVs





## MICHELIN CROSSCLIMATE 2: NOTES

### Labelling from 01/05/2021 :

(a) Fuel efficiency class (from A to E), B for majority dimensions. (b) Wet grip class (from A to E). (c) External rolling noise class (from A to C) and measured value in decibel (dB). (d) Tyre for use in severe snow conditions.

### MICHELIN CROSSCLIMATE 2

(1) Dry braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 100 and 0 kph, February 2021, on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (100%) versus MICHELIN CrossClimate + (96,2%) ; BRIDGESTONE Weather Control A005 EVO (98,1%) ; CONTINENTAL AllSeasonContact (92,4%) ; GOODYEAR Vector 4Seasons Gen-3 (89,9%) ; PIRELLI Cinturato All Season Plus (89,4%)

(2) Wet braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 80 and 20 kph, October 2020-April 2021 (worn means when worn on machine (buffed) to the depth of Tread Wear Indicator according to European regulation: ECE R30r03f), on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 98,2% - worn : 101,1%) ; BRIDGESTONE Weather Control A005 EVO (new : 103,2% - worn : 99,5%) ; CONTINENTAL AllSeasonContact (new : 94,9% - worn : 96,1%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 95% - worn : **93,5%**) ; PIRELLI Cinturato All Season Plus (new : **96,7%** - worn : **89%**) - Results may vary according to road and weather conditions.

(3) Snow braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 30 and 10 kph, February 2021 (on new and 2mm buffed), on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 95% - worn : 88,1%) ; BRIDGESTONE Weather Control A005 EVO (new : 92,4% - worn : 70,9%) ; CONTINENTAL AllSeasonContact (new : 99,5% - worn : 96,4%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 97,6% - worn : 94,1%) ; PIRELLI Cinturato All Season Plus (new : 81,9% - worn : 77,0%)

(4) Snow traction tests, conducted by TÜV SÜD Product Service on Michelin's request, February 2021 (on 2mm buffed), on dimension 205/55 R16 94V XL comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 95,1% - worn : 87,5%) ; BRIDGESTONE Weather Control A005 EVO (new : 84,6% - worn : 65,2%) ; CONTINENTAL AllSeasonContact (new : 95,6% - worn : 91,9%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 94,6% - worn : 90,6%) ; PIRELLI Cinturato All Season Plus (new : 72,0% - worn : 54,2%)

(5) Longevity test conducted by DEKRA TEST CENTER, on Michelin's request, December 2020, on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (100%) ; CONTINENTAL AllSeasonContact (100,8%) and GOODYEAR Vector 4Seasons Gen-3 (108,4%) ; BRIDGESTONE Weather Control A005 EVO (69,7%) ; PIRELLI Cinturato All Season Plus (96,9%). Longevity test run in average real usage (D50) with 14.460 km run and extrapolated longevity at 1.6mm.

(6) Rolling Resistance tests conducted on machine by Applus Idiada, on Michelin's request, August 2020, on dimension 205/55 R16 94V XL, comparing MICHELIN CrossClimate 2 (7,30 kg/t) versus MICHELIN CrossClimate + (8,20 kg/t) Eco-responsible driving depends notably on driving habits, vehicle or tire pressure

(7) MICHELIN CrossClimate 2 is rated "B" on the Rolling Resistance A-B-C-E Item of the European labelling scale.

(8) MICHELIN CrossClimate 2 category of tires is defined as one of the Premium all-season tires such as CONTINENTAL, GOODYEAR, BRIDGESTONE, PIRELLI, DUNLOP brands, and which are not dedicated to Original Equipment application (i.e not designed to achieve car manufacturers specific targets) but tires that can be purchased from retailers.

(9) Balance of performance proven by test conducted in 2020 and 2021 on **Longevity, Rolling Resistance, Dry braking, Wet braking new and worn, Snow braking new and worn, Snow traction new and worn** - see test details in legal mentions 1,2,3,4,5,6 Results may vary according to road and weather conditions.



## **DISCLAIMER**

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