

2022 ANNUAL RESULTS

February 13, 2023



With sales up 20.2% in 2022, Michelin delivered its segment operating income guidance by reaching €3.4bn

Amid market turbulence and a highly inflationary context, Michelin sales increased to €28.6Bn and segment operating income totaled €3.4Bn.

Free cash flow was punctually impacted by inflation and year-end trade timing.

Over the 2019-2022 period, the Group has demonstrated the resilience of its business model.

- Sales up 20.2% to €28.6bn, lifted by firm pricing discipline and fast-growing non-tire sales
 - Tire markets up slightly in 2022, supported by OE (from a low comparison basis) and sustained demand from Truck and Mining tire customers.
 - Tire sales volumes down, mainly impacted by the conflict in Ukraine and the Covid consequences in China, and reflecting Group's priority set on margin protection.
 - The price-mix effect came to 13.7%, demonstrating the Group's determination to offset all cost inflation factors.
 - Non-tire sales grew by 22% at constant exchange rates, confirming their strong momentum.
 - A 6.2% positive currency effect, led by the US dollar.
- Segment operating income totaled €3.4bn or 11.9% of sales, driven by dynamic pricing management
 - Pricing maintained unit margin integrity, offsetting a record €2.7bn in higher costs.
 - Operating margin reflected a 1.2-point dilutive effect from price increases.
 - Each reporting segment contributed to improved segment operating income, with Specialties (RS3) margin reaching 16.2% in H2 2022
- Reported free cash flow before acquisitions of - €104m. Structural free cash flow ⁽¹⁾ of +€378m
 - One-off impact of inflation on working capital, reducing structural free cash flow ⁽¹⁾ by ~ €500m
 - Q4 penalized by purchasing cuts and stronger December sales for c. €300m, which will be offset in Q1/2023
- Overall Group performance improved in line with the “Michelin in Motion 2030” strategic plan objectives set for each of its three People, Profit, Planet pillars
- Net income reached €2.0bn. Dividend of €1.25 per share proposed to the AGM
- 2023 guidance : > €3.2bn in segment operating income at constant exchange rates; > €1.6bn reported FCF before acquisitions ⁽¹⁾

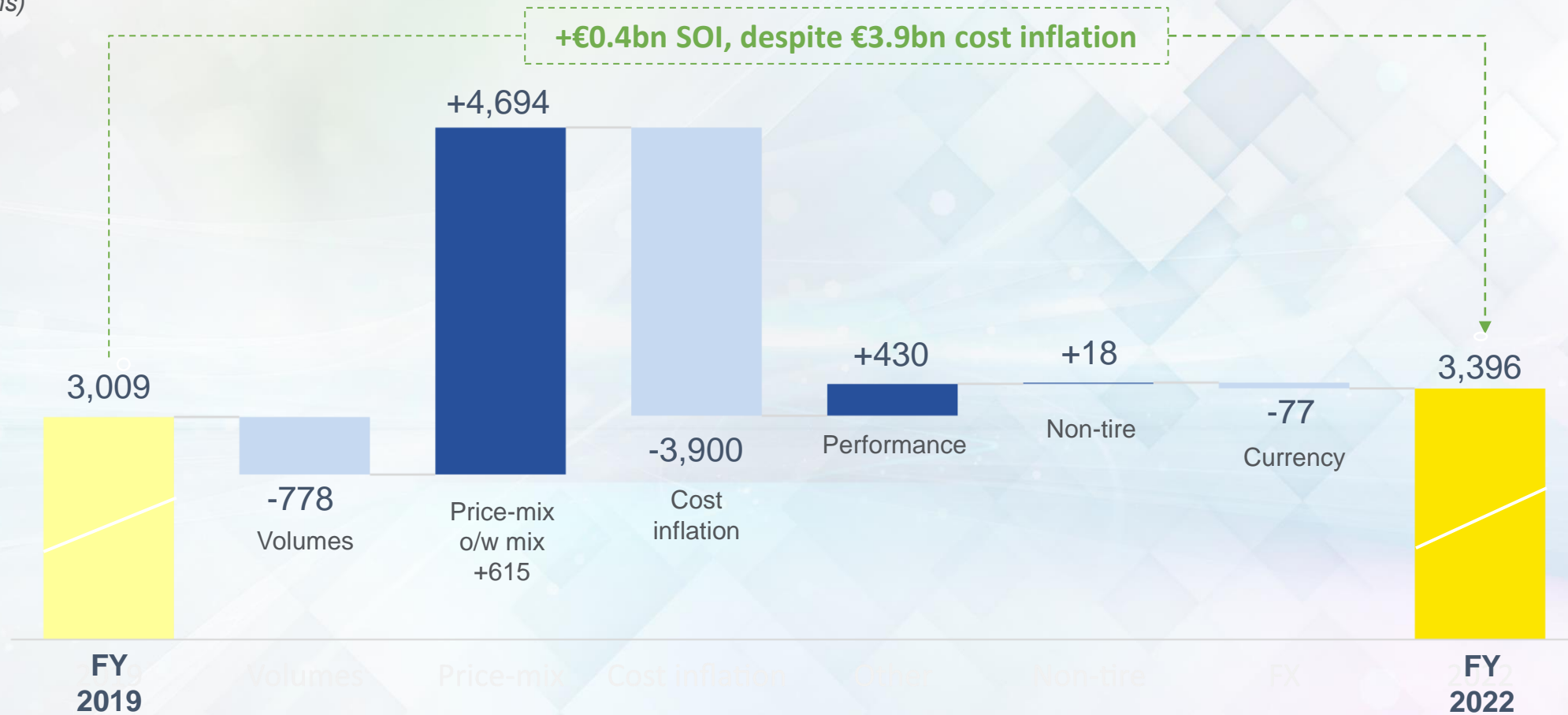


⁽¹⁾ Definition : see slide 61

Over the 2019-2022 period, the Group increased its margin amid unprecedented market turbulences and cost inflation

SEGMENT OPERATING INCOME ANALYSIS, 2019 – 2022

(in € millions)



Sound overall performance in 2022



PEOPLE

29.4%

of managers are women

+0.5 PTS vs 2021

83%

Employee engagement rate

+3 PTS vs 2021

1.07

Total Case Incident Rate

-0.22 PTS vs 2021



PROFIT

€3,396M

Segment operating income

11.9% of sales

10.8%

ROCE⁽¹⁾

+0.5 PTS vs 2021

€-104M

Free cash flow before M&A⁽¹⁾

€-1.6BN vs 2021



PLANET

2.3MT

CO₂ emissions scopes 1&2

-17% vs 2021

88.8 I-MEP

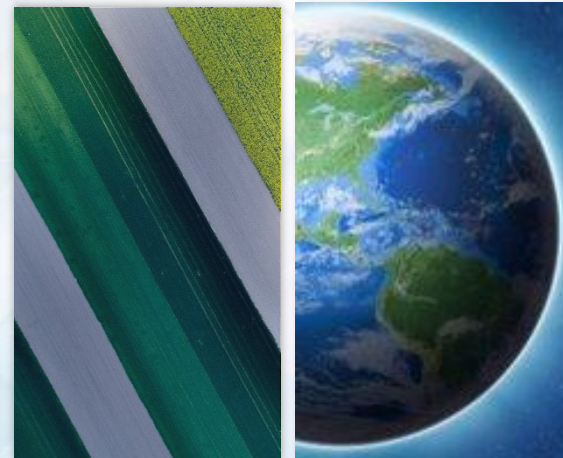
Industrial environmental performance⁽²⁾

improved by **3.8 PTS** vs 2021

30%

Average sustainable materials rate in tires

+1 PT vs 2021



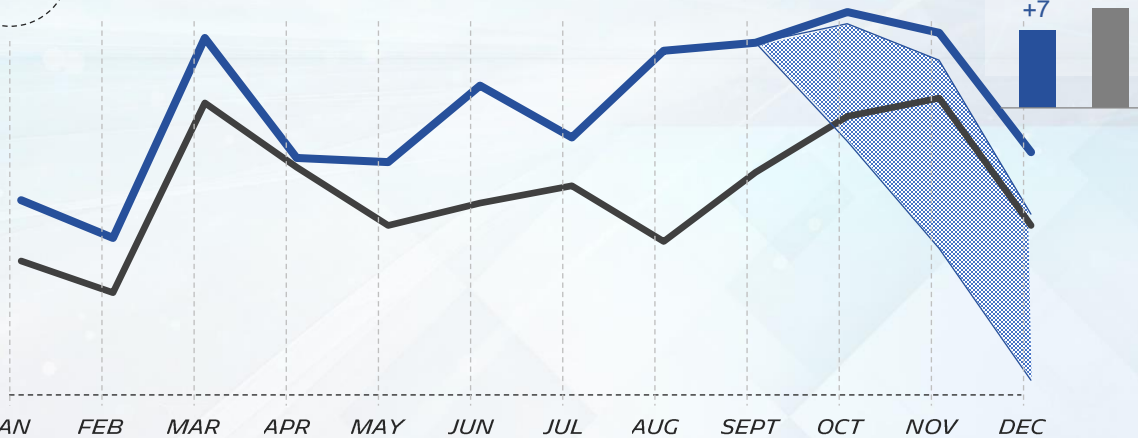
Sell-in markets in expected ranges in PC/LT and Specialties in Q4, stronger in Truck (excl. China)



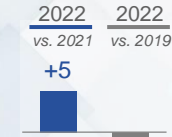
PASSENGER CAR AND LIGHT TRUCK TIRE MARKET



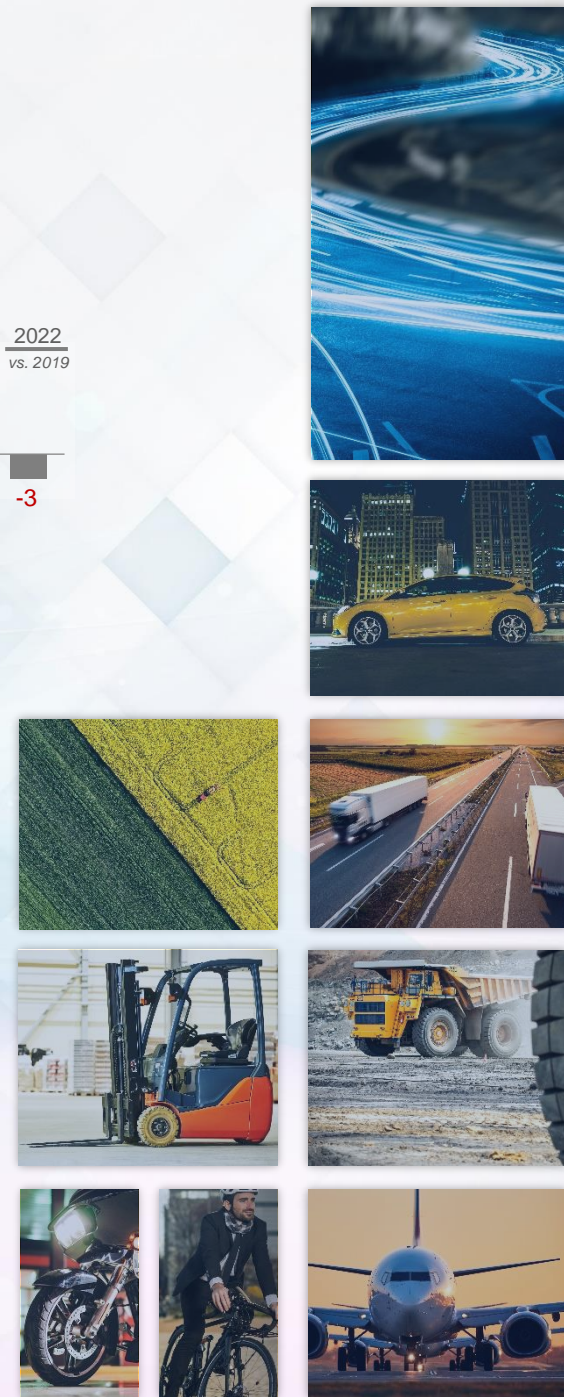
TRUCK TIRE MARKET EXCLUDING CHINA



SPECIALTIES



- Mining
- Agriculture
- Construction
- Material handling
- Aircraft
- Two-wheel

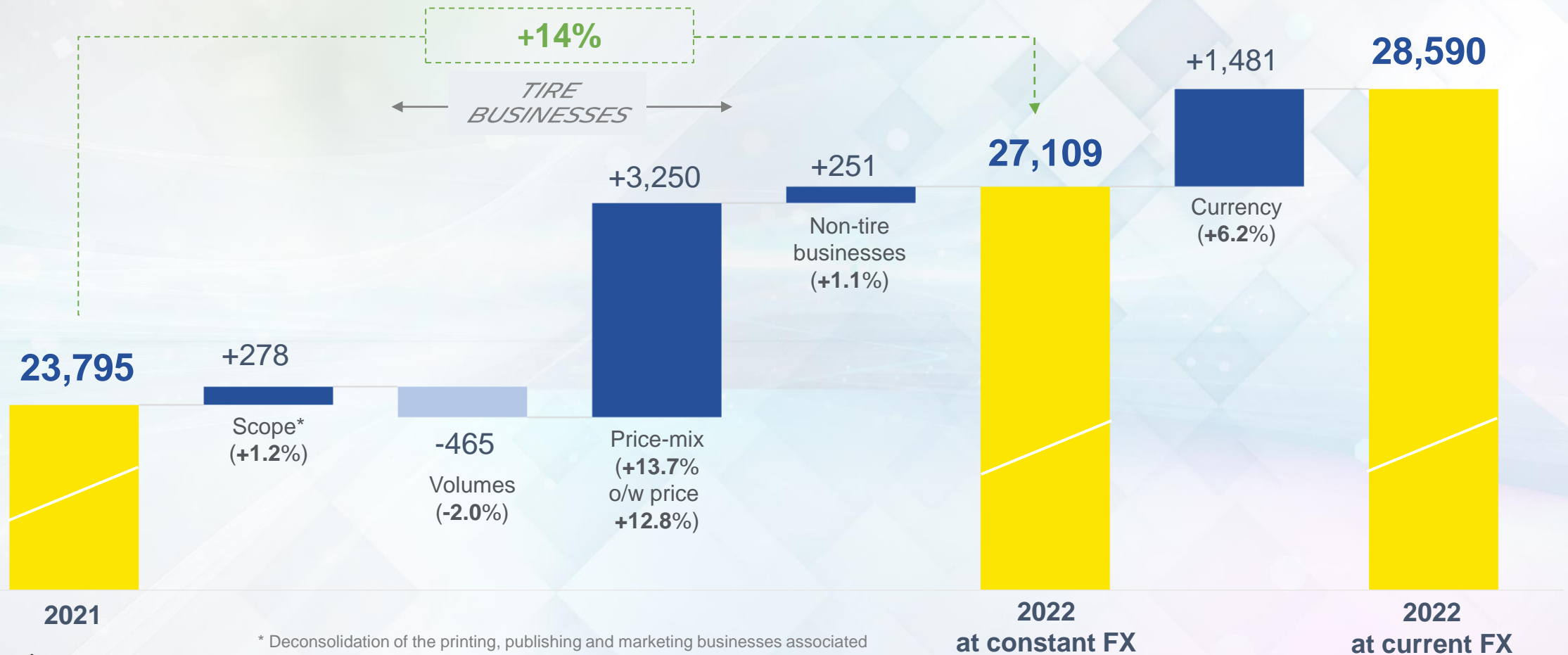


2022 ——— Q4 2022 projection presented during Q3 sales release
 2021 ———

2022 Group sales up 20.2%, lifted by strong pricing discipline. Non-tire sales grew by 22% or €251m

ANALYSIS OF FY SALES

(in € millions and as a % of 2021)



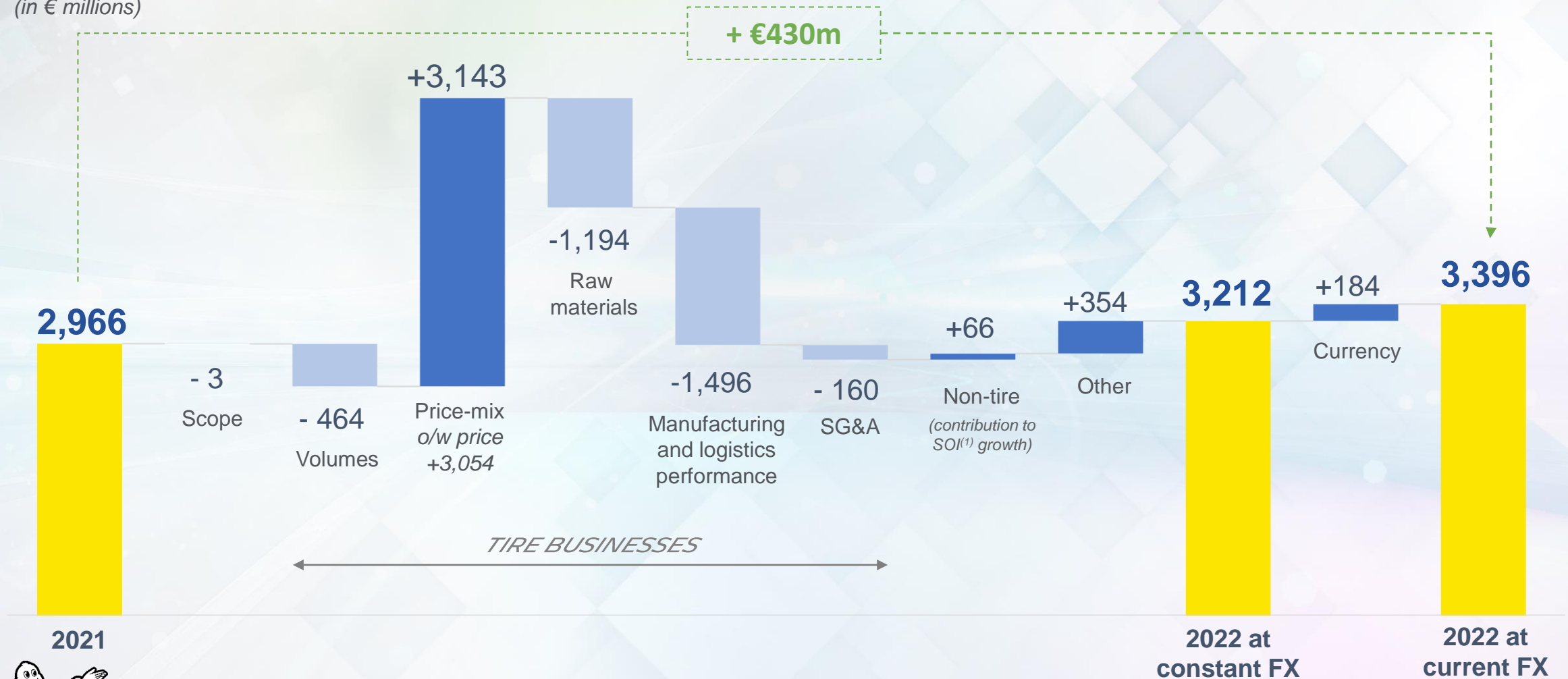
* Deconsolidation of the printing, publishing and marketing businesses associated with Maps & Guides for France (Michelin Editions) on February 1, 2021, and of Solesis on May 28, 2021; consolidation of TechnoBalt on May 1, 2021, and Allopeus.com on December 30, 2021.



Segment operating income increase driven by dynamic pricing management, offsetting a record €2.7bn in cost inflation

ANALYSIS OF SEGMENT OPERATING INCOME (SOI)

(in € millions)



⁽¹⁾ Segment operating income








2022 at constant FX
2022 at current FX

2022 Annual Results - February 13, 2023

Sales & SOI⁽¹⁾ growth in every segment, strong catch-up in the Specialty businesses

SALES AND SOI BY REPORTING SEGMENT

(in € millions)

		2022	2021	CHANGE	
RS1		SALES	14,138	11,998	+17.8%
		OPERATING INCOME* Operating margin*	1,711 12.1%	1,643 13.7%	+4.1% -1.6 pts
RS2	 	SALES	7,462	6,233	+19.7%
		OPERATING INCOME* Operating margin*	641 8.6%	599 9.6%	+7.0% -1.0 pt
RS3	   	SALES	6,990	5,564	+25.6%
		OPERATING INCOME* Operating margin*	1,044 14.9%	724 13.0%	+44.2% +1.9 pts

* For the segment

Cost inflation factors (raw materials, transportation and energy) were offset by dynamic pricing management but diluted operating margin by 1.2 point.

- **RS1:** growth in sales and operating income driven by responsive pricing management and sustained product mix enrichment, both in OE and RT. The share of 18"+ tires accounted for 56% of MICHELIN-branded tire sales, up 5 points vs. 2021.
- **RS2:** sales and operating income increase fueled by robust demand in Europe and North America and responsive pricing management to offset cost inflation. Focus on the highest value-creative segments and expansion in fleet management solutions.
- **RS3:** strong growth in sales and operating income boosted by prices adjustments in H2 after indexation clauses kicked in, with H2 SOI⁽¹⁾ reaching 16.2%. Mining business line recovered as expected during 2nd half. Beyond Road activities (agriculture, construction, etc.) reinforced focus on highest value-creative segments



⁽¹⁾ Segment operating income

EBITDA up to €5.3bn, or 18.4% of sales. Free cash flow penalized by inflation in working capital

FREE CASH FLOW⁽¹⁾

(in € millions)

Segment EBITDA	5,262
Change in net working capital	(2,077)
<i>o/w inventories</i>	<i>(1,055)</i>
<i>o/w receivables</i>	<i>(746)</i>
Tax and interest paid	(1,020)
Capital expenditure outlay	(2,008)
Non-recurring	(234)
Other	(27)
Free cash flow excl. M&A	(104)
M&A	(76)
Free cash flow	(180)

HIGHLIGHTS

EBITDA

- € 562m increase vs. 2021, with a €430m increase in segment operating income despite €132m growth in depreciation and amortization

WORKING CAPITAL

- c.€1bn negative impact of cost inflation, o/w ~ €0.5bn due to raw materials
- Inventory volumes below year-end target

CAPEX

- On target, including partial catch-up of 2020 & 2021 postponements

FCF

- **Structural free cash flow of €378m⁽²⁾** vs. revised guidance of ~ €700m
- c. €300m of cash-in postponed from Q4 2022 to Q1 2023 due to timing of sales (AR) and procurement (AP) in Q4

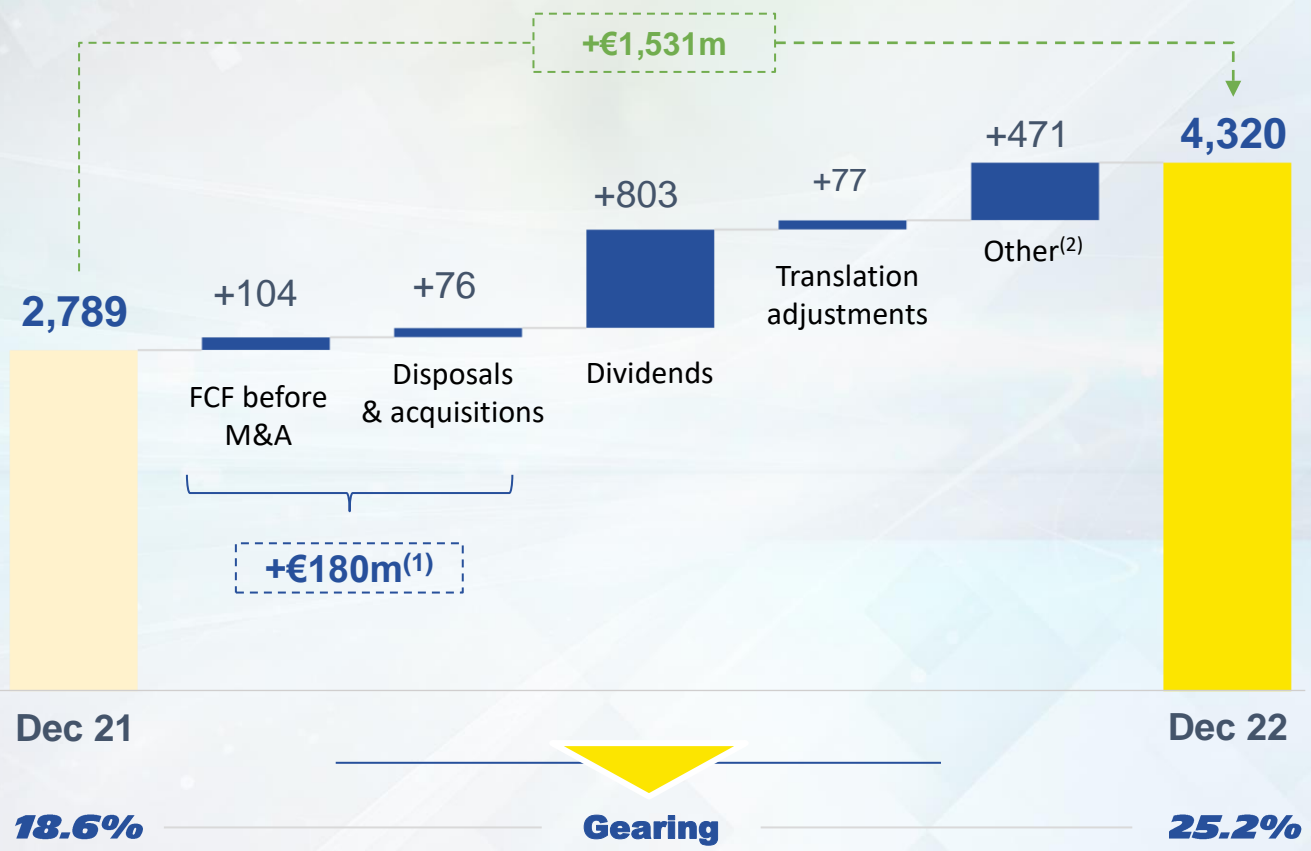


⁽¹⁾ See slide 61 for the definition,

⁽²⁾ +€482m adjustment vs free cash flow excluding M&A, due to the impact inflation on raw materials in working capital, see definition slide 61

Robust financial position, with gearing at 25.2% end of Dec 22

NET DEBT (in € millions)



AGENCY RATINGS AT DEC. 31, 2022 Compagnie Générale des Établissements Michelin



⁽³⁾ Moody's rating is no longer solicited as of July 2020

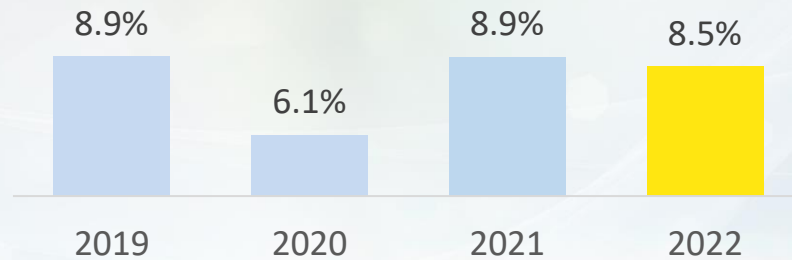


⁽¹⁾ Free cash flow
⁽²⁾ Including new leases and share buy-back

ROCE increased to 10.8%, improved asset turnover offset inflation's dilutive impact on NOPAT

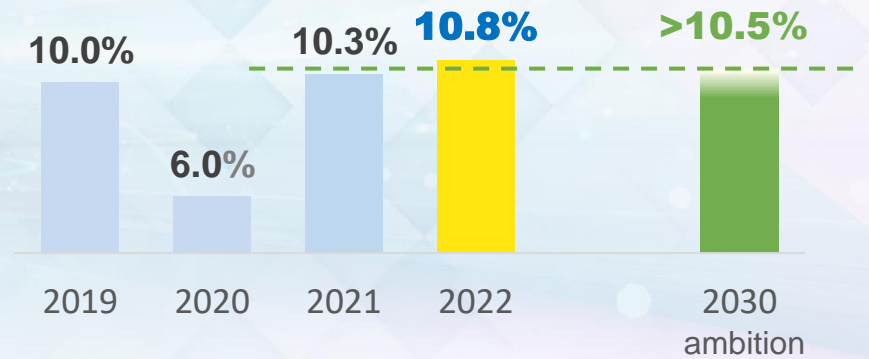
NET OPERATING PROFIT AFTER TAX – NOPAT

(in % of sales)



RETURN ON CAPITAL EMPLOYED – ROCE

(ROCE = NOPAT % x ATR)



ASSET TURNOVER RATIO – ATR

(ATR = sales / capital employed)



€1.25 proposed dividend per share, or 4.8% return⁽¹⁾

PER SHARE DATA⁽²⁾

(in €)

	2022	2021	2020	2019	2018
DIVIDEND	1.25	1.13	0.58	0.50	0.93
NET INCOME BASIC	2.81	2.58	0.88	2.42	2.33
PAY-OUT RATIO⁽³⁾	44%	44%	65%	21%	40%
SHARE PRICE DEC 31	25.99	36.04	26.24	27.01	21.68
RETURN⁽¹⁾	4.8%	3.1%	2.2%	1.8%	4.3%

HIGHLIGHTS

PROPOSED DIVIDEND

- Dividend per share increased by 11% vs. 2021
- Pay-out ratio increased from 43.5% to 44.4%

DIVIDEND POLICY

- Payout ratio gradually raised towards 50% in 2030

SHARE BUY-BACK POLICY

- Annual anti-dilutive programs to offset the impact of employee performance share plans
- Additional opportunistic program might be considered

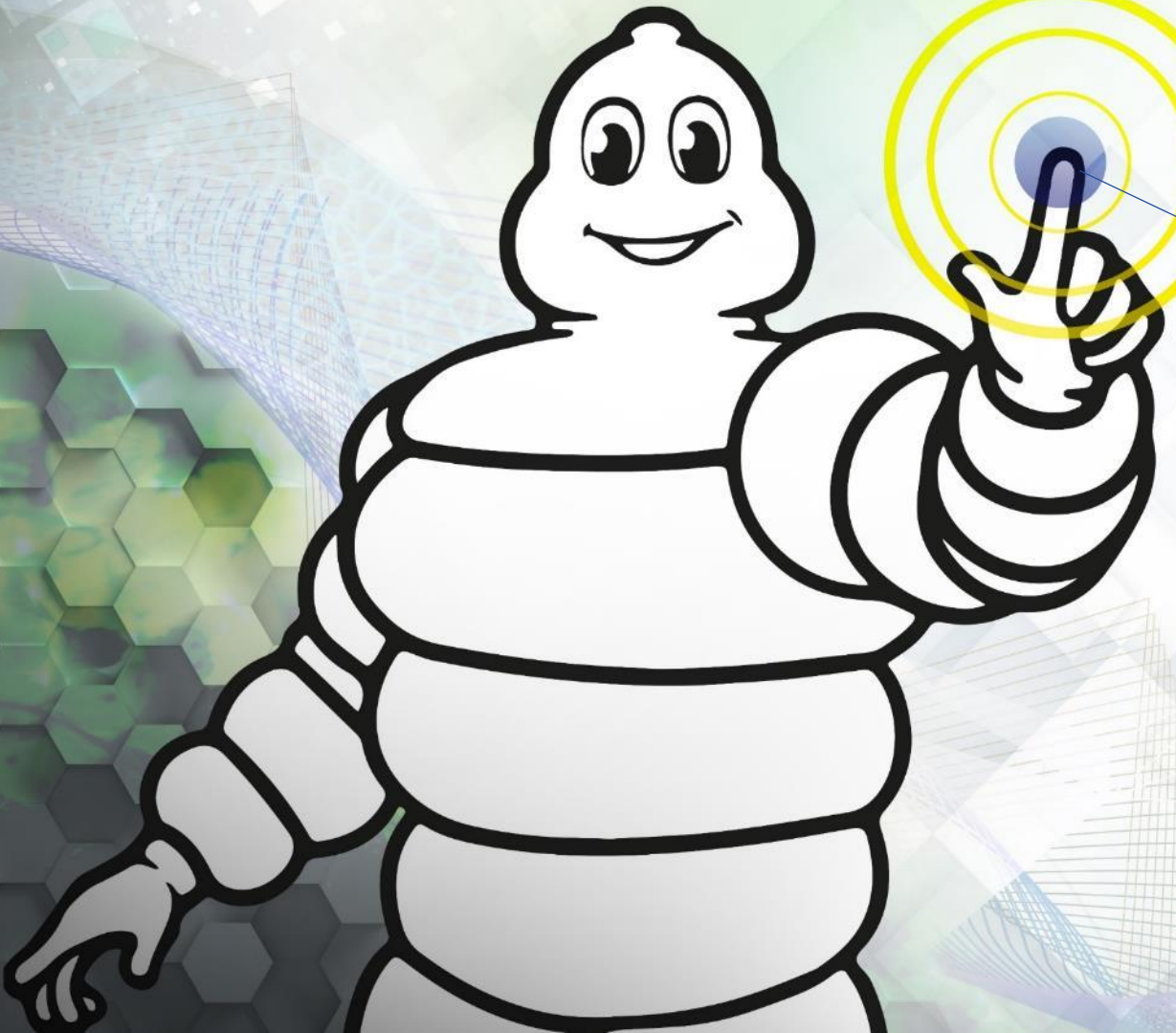


(1) Dividend / Share price; based on Dec 31 closing stock price.

(2) Data prior to 2022 restated for the 4-for-1 stock split on June 16, 2022..

(3) Dividend / Net income.

*2023
GUIDANCE*



2023 markets scenario: stable demand vs 2022

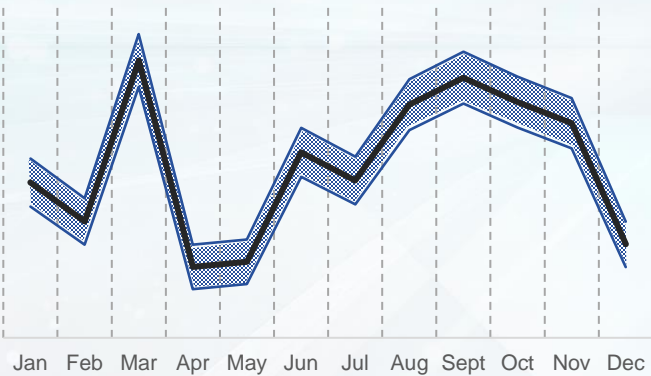


PASSENGER CAR / LIGHT TRUCK

-2%/+2%

OE: slight growth driven by North America; China and Europe expected to be stable

RT: slight reduction in global demand, without need for dealer inventory rebuilding

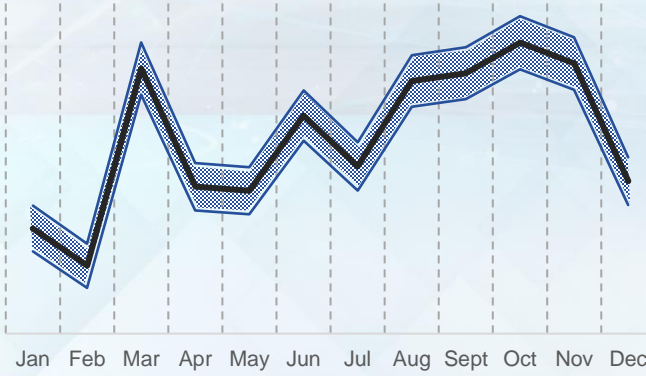


TRUCK excl. China

-2%/+2%

OE: demand remains robust, from already high comparatives

RT: global demand still high, supported by freight needs



SPECIALTIES

-1%/+3%



Mining tires: continued growth



Beyond-road tires: slight growth in Agriculture, offset by slower demand in Construction and Materials handling



Two-wheel tires: slight growth



Aircraft tires: growth, with demand close to pre-covid levels

2022



2023 projection



2023 Scenario & Guidance

2023

Volumes

[-4% ; 0%]

Cost inflation

raw materials, transportation,
energy, labor

[€0.6bn ; €1.2bn]

Net price-mix vs. cost inflation
factors

Slightly positive

Cash-out capex

[€2.2bn ; €2.4bn]

Segment operating income

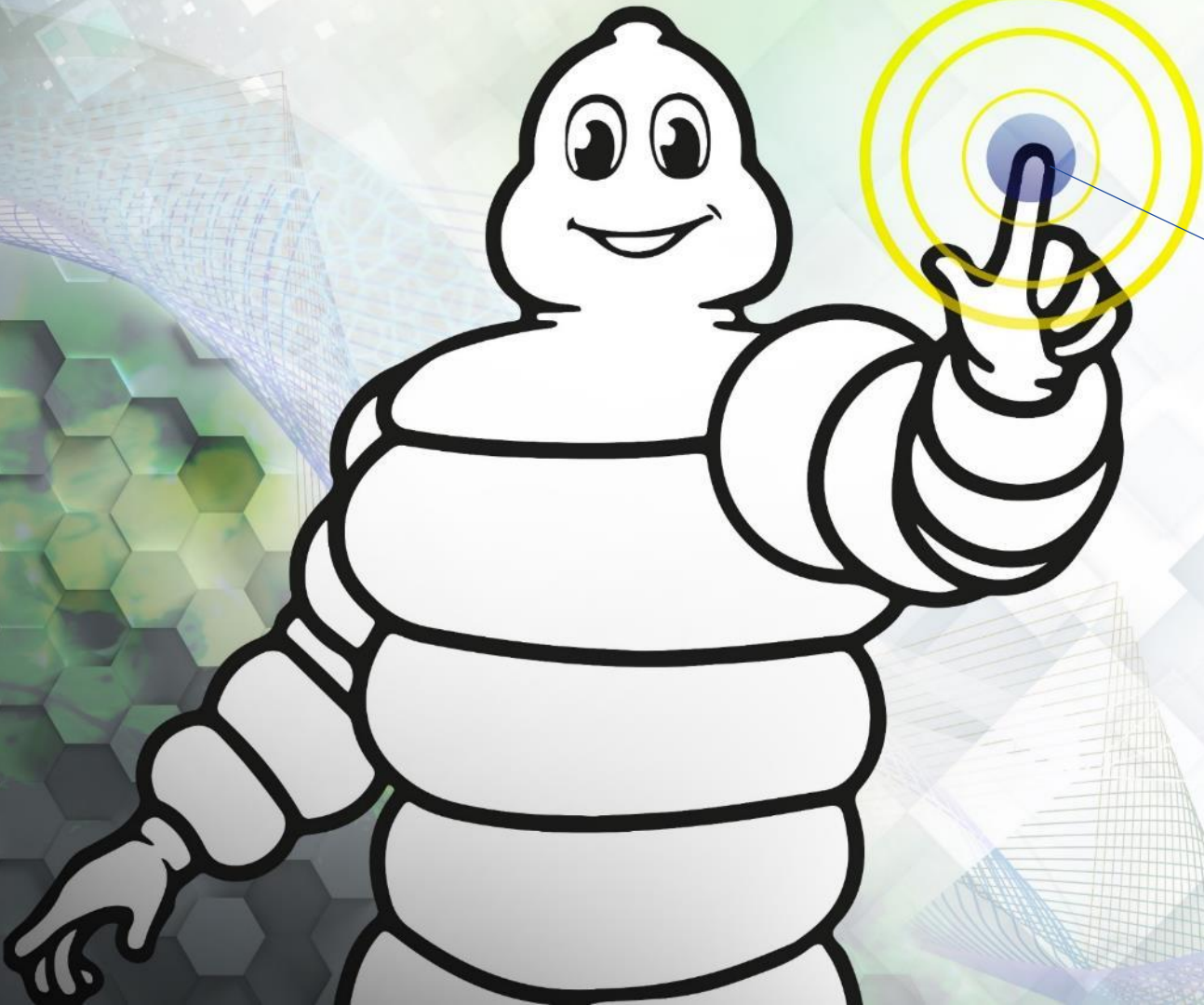
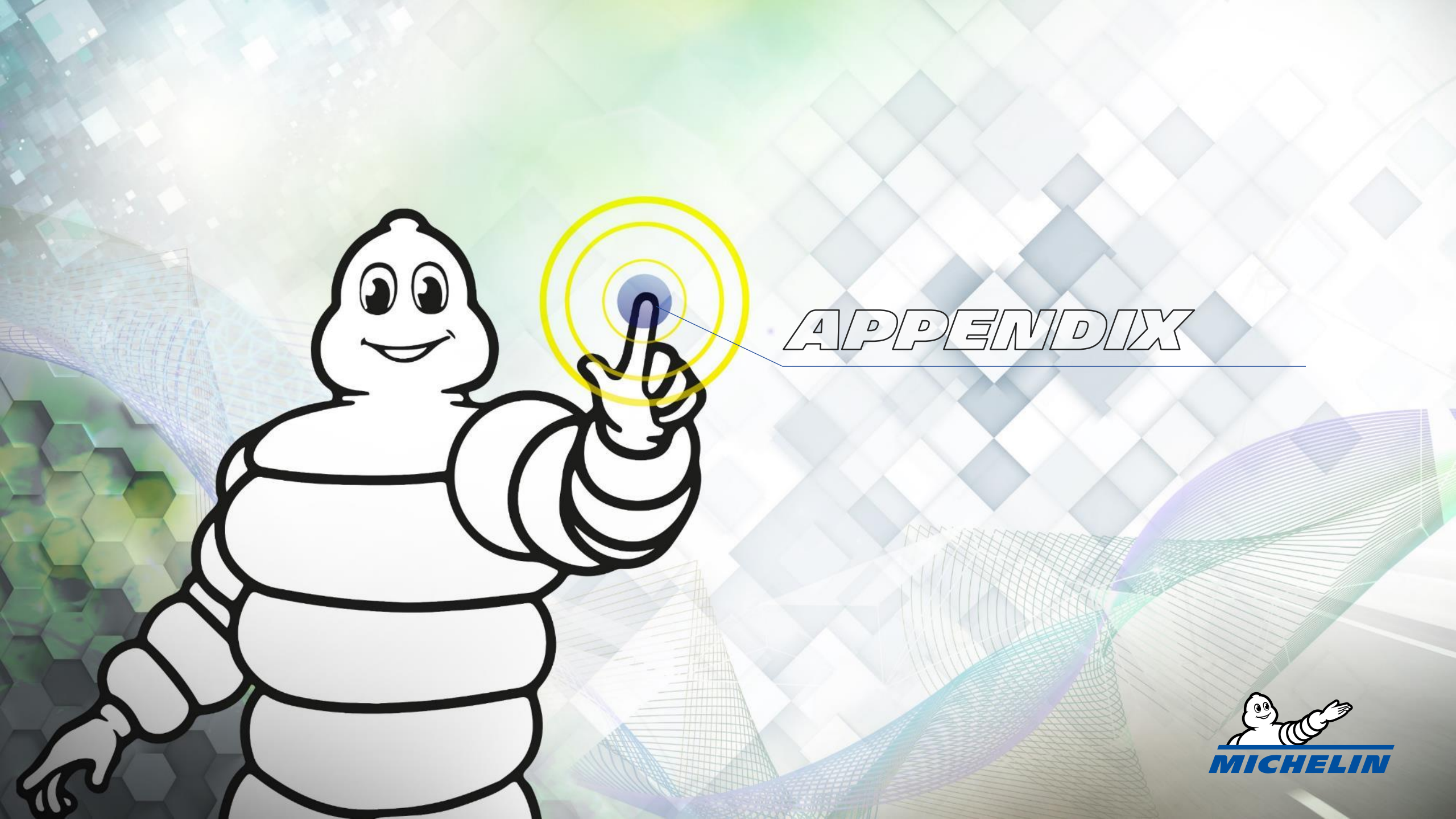
at constant FX vs. 2022

> €3.2bn

Free cash flow

excl. M&A

> €1.6bn



APPENDIX



Financial Calendar

Upcoming events



Q1 2023 sales

APRIL 26, 2023⁽¹⁾



**“Michelin in motion 2030”
Strategy Progress Update
(Capital Markets Day)**

MARCH 13, 2023



(1) After close of trading



2022 Annual Results - February 13, 2023

Demonstrated ability to sustain margin even in times of crisis.
2022 free cash flow⁽¹⁾ impacted **around** €1bn inflation in working capital.

FCF⁽¹⁾ AND SOI⁽²⁾ EVOLUTION vs. CHANGE IN VOLUMES SOLD



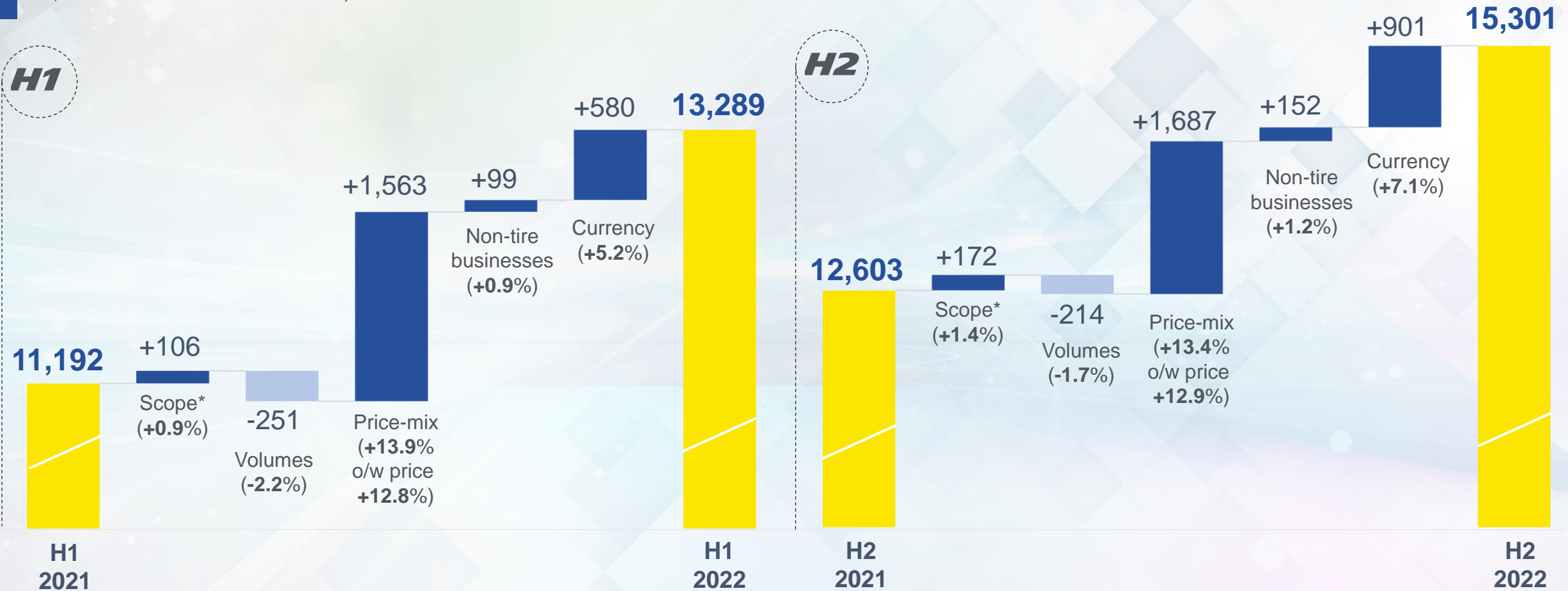
(1) Free cash flow as reported from 2007 to 2010, structural free cash flow from 2011 (see slide 61 for the definition of structural free cash flow)

(2) Segment operating income

2022 sales lifted by a strong pricing discipline and an increasing contribution from non-tire businesses

ANALYSIS OF SALES BY SIX-MONTH PERIOD

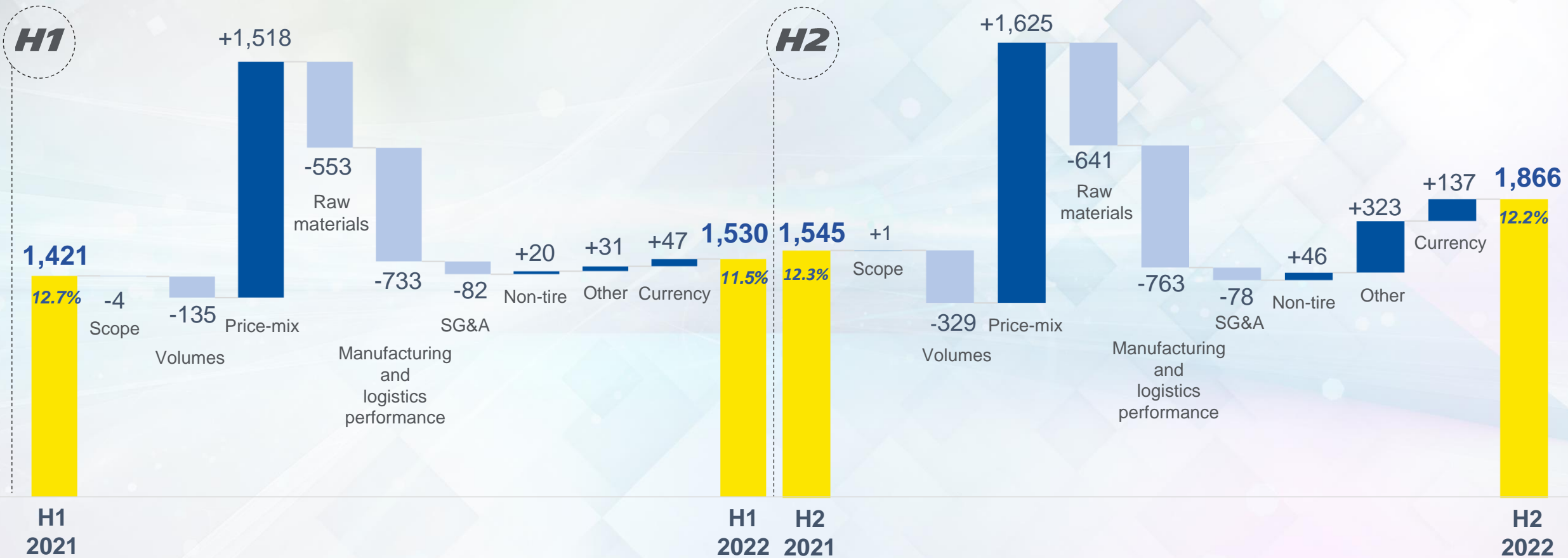
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Segment operating income increase driven by dynamic pricing management, offsetting a record €2.7bn in cost inflation

ANALYSIS OF SEGMENT OPERATING INCOME (SOI) (in € millions)



A well-balanced set of businesses across regions, ensuring Group's resilience

(% of 2022 sales)

- **Cyclicality:** high
- **Main drivers:** GDP, public spending, commodity prices, housing and building construction

Specialties

18%

PRODUCTS AND SOLUTIONS SERVING ALL TYPES MOBILITIES...

... WHILE LEVERAGING OUR EXPERTISE IN HIGH-TECH MATERIALS ...

Flexible composites & Engineered Polymers

- **Cyclicality:** low
- **Main drivers:** GDP, PMI, R&D & public spending

4%

Transportation

- **Cyclicality:** low
- **Main drivers:** GDP & PMI

26%

... WITH A GLOBAL AND BALANCED FOOTPRINT

Auto OE⁽¹⁾

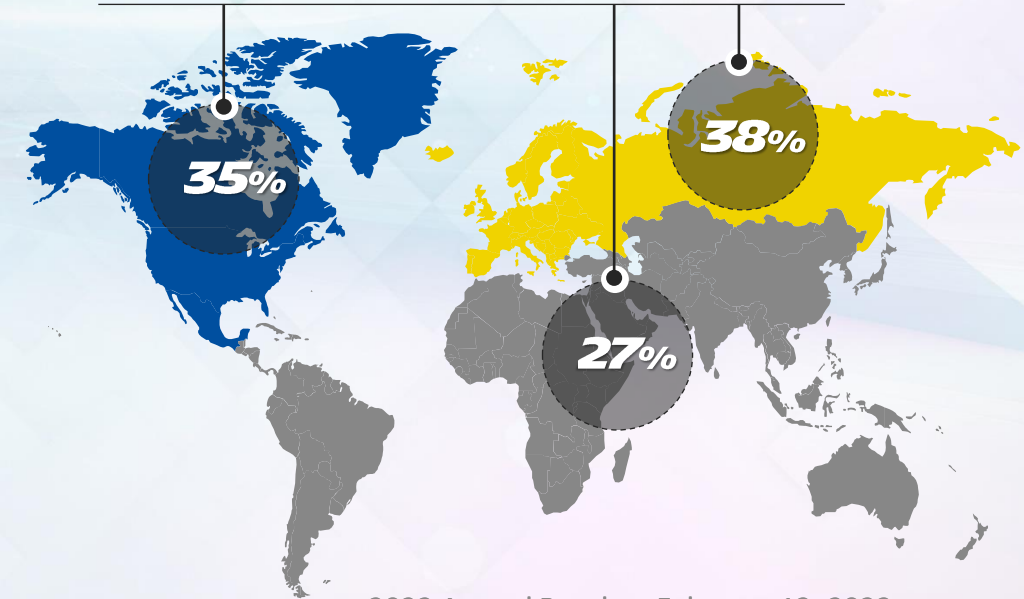
- **Cyclicality:** very high
- **Main drivers:** regulation & GDP

10%

42%

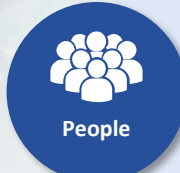


Auto RT⁽²⁾ & 2-wheel

- **Cyclicality:** very low
- **Main drivers:** miles driven, GDP, used cars market



(1) Original equipment (2) Replacement

Strategic Scorecard – 2022 results in line with 2030 ambitions

AMBITION	METRICS	2030 SUCCESS	PROGRESS STATUS			
			2020	2021	2022	
 People	Be world-class in employee engagement	Engagement rate	>85%	82%	80%	83%
	Be world-class in employee safety	TCIR ⁽¹⁾	<0.5	1.19	1.29	1.07
	Be a reference in diversities and inclusion of teams	IMDI ⁽¹⁾	80 pts over 100	60	65	70
	Be best-in-class in value created for customers	NPS partners ⁽¹⁾	+10 vs. 2020	40.5	38.9	41.6
 Profit	Deliver substantial growth	Total sales	5% CAGR 23-30	€20.5bn	€23.8bn	€28.6bn
	Deliver continuous financial value creation	ROCE ⁽¹⁾	>10.5%	6.0 %	10.3%	10.8%
	Maintain Michelin brand power	Brand vitality quotient	+5 pts vs. 2021	58	68	65
	Maintain best-in-class innovation pace in products and services	Offers vitality index	>30%	33%	31%	31%
 Planet	Reach net zero emission by 2050 (manuf. and energy)	CO ₂ emissions (scopes 1&2)	-50% vs. 2010	-36% 2463 Kt	-29% 2764 Kt	-41% 2304 Kt
	Contribute to reaching net zero emission (Scope 3)	Products energy efficiency (scope 3)	+10% vs. 2020	-	+0.5%	+1.8%
	Be best-in-class in environmental footprint of industrial sites	i-MEP ⁽¹⁾	-1/3 vs. 2019	-	-7.4%	-11.2%
	Reach full circularity of products by 2050	Sustainable Material Rate	40%	28%	29%	30%



(1) 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.151 of the 2021 Universal Registration Document

Reported 2022, 2021, 2020 and 2019 financial highlights

	2022	2021	2020	2019
<i>(in € millions)</i>				
Sales	28,590	23,795	20,469	24,135
Segment EBITDA	5,262	4,700	3,631	4,763
Segment EBITDA margin	18.4%	19.8%	17.7%	19.7%
Segment operating income	3,396	2,966	1,878	3,009
Segment operating margin	11.9%	12.5%	9.2%	12.5%
Other operating income and expenses	(375)	(189)	(475)	(318)
Net income	2,009	1,845	625	1,730
Basic earnings per share (in €)	2.81	2.58	0.88	2.42
Capital expenditure outlays	2,008	1,441	1,323	1,715
Free cash flow*	(180)	1,357	2,004	1,142
Gearing	25.2%	18.6%	28.0%	39.2%

Dynamic price management throughout the year, in a context of sharply rising costs

YOY QUARTERLY CHANGE (in %)

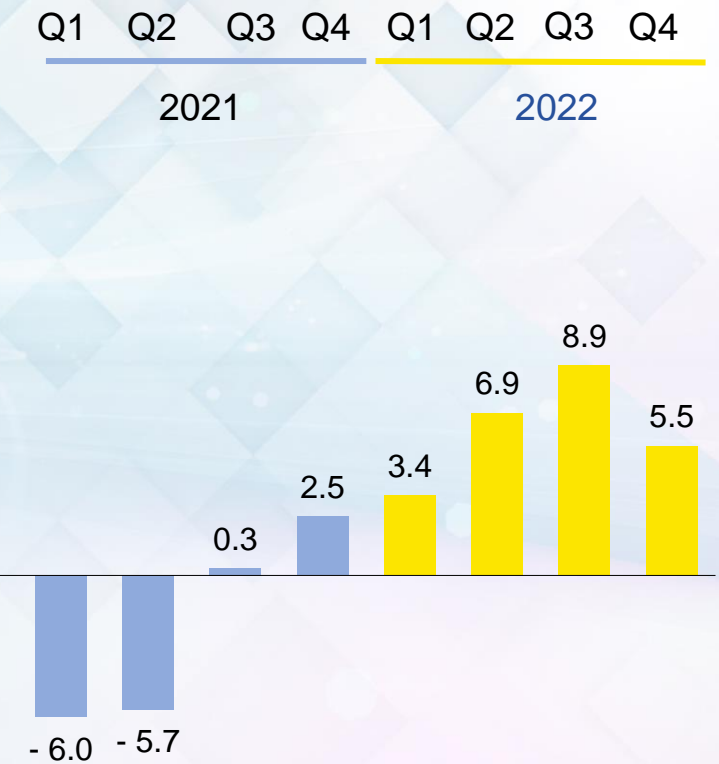
VOLUMES



PRICE-MIX



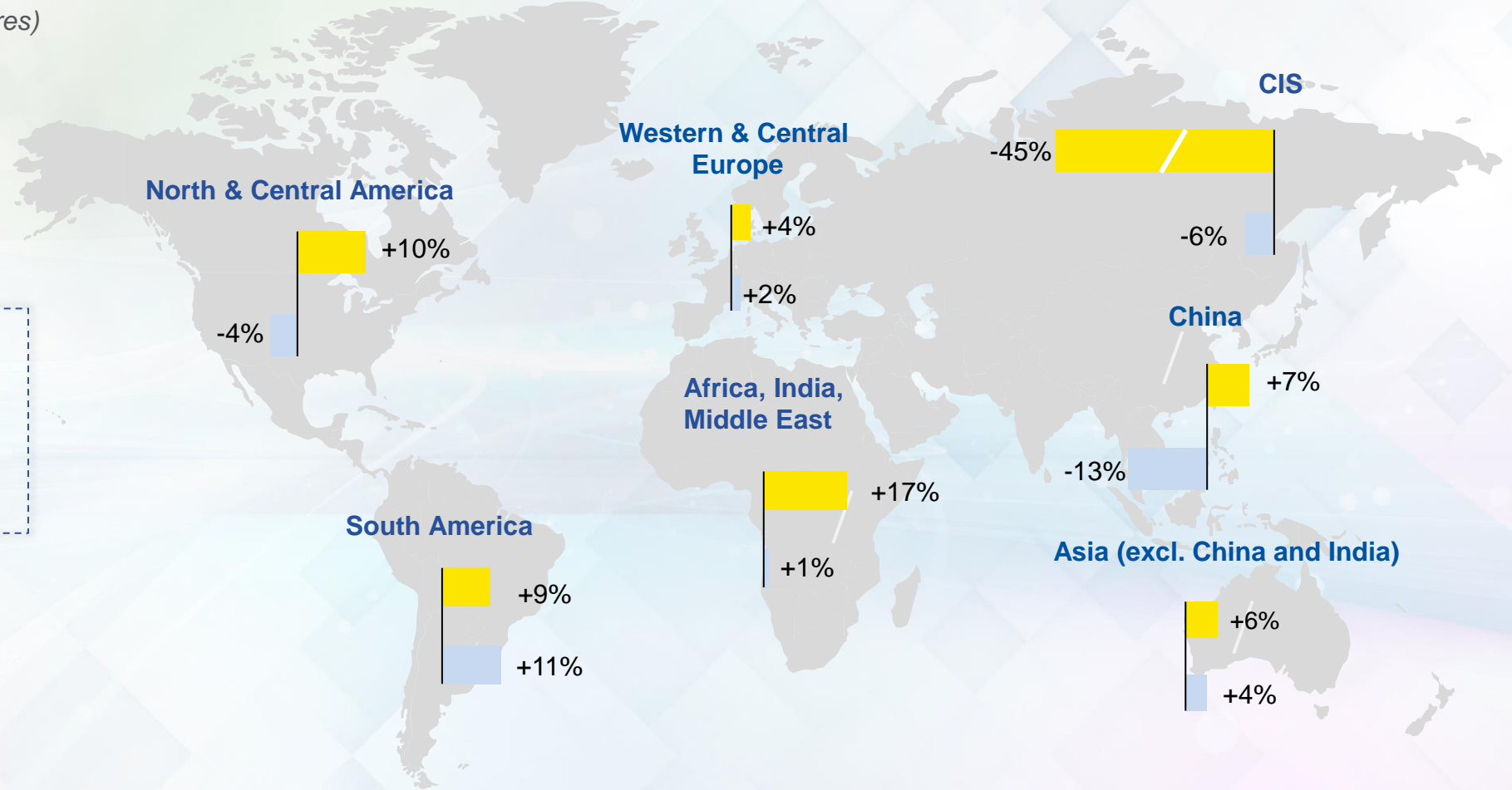
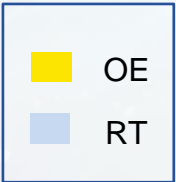
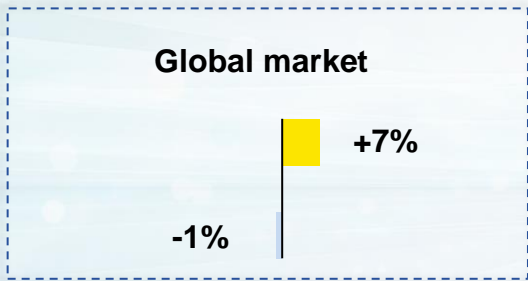
CURRENCY



PC/LT markets: global demand flat in RT and recovering in OE, with highly varied regional situations

PC/LT TIRE MARKET, FY 2022

(% change YoY in number of tires)

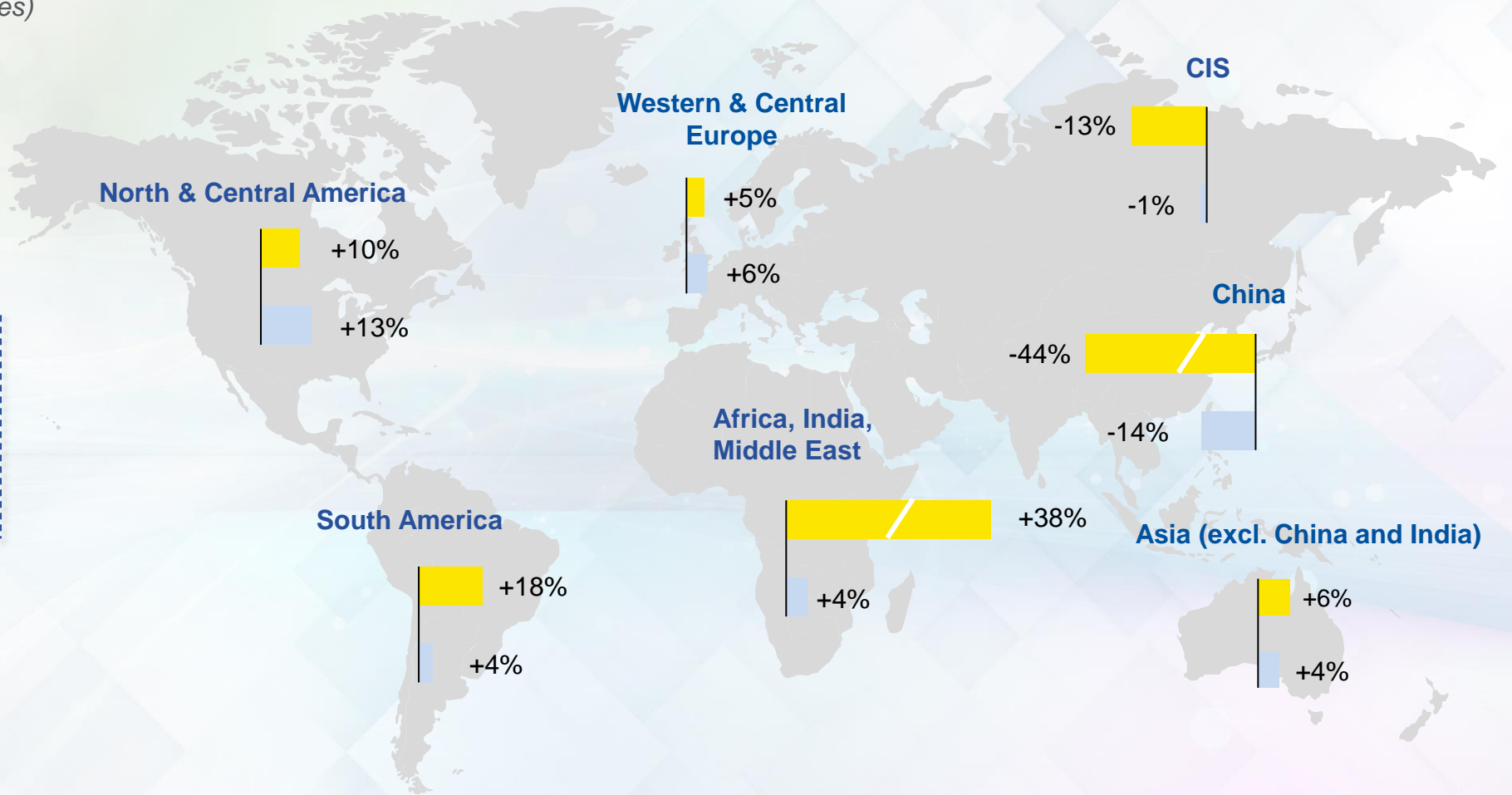
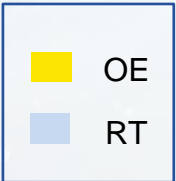
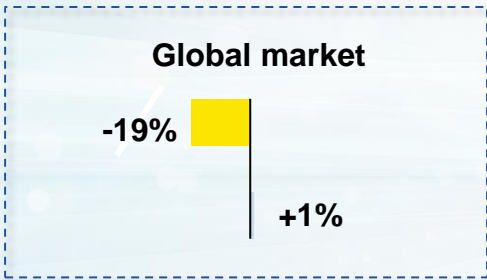


Source: Michelin
Market data are regularly adjusted and may be updated following initial publication.

Truck tire markets: strong demand led by fleet upgrades and dynamic freight activity, excluding China and CIS

TRUCK TIRE MARKET, FY 2022

(% change YoY in number of tires)



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

Michelin uniquely positioned to leverage vehicle electrification

BEV: HIGHLY DEMANDING VEHICLES PERFECTLY FIT WITH MICHELIN'S UNIQUE KNOW-HOW

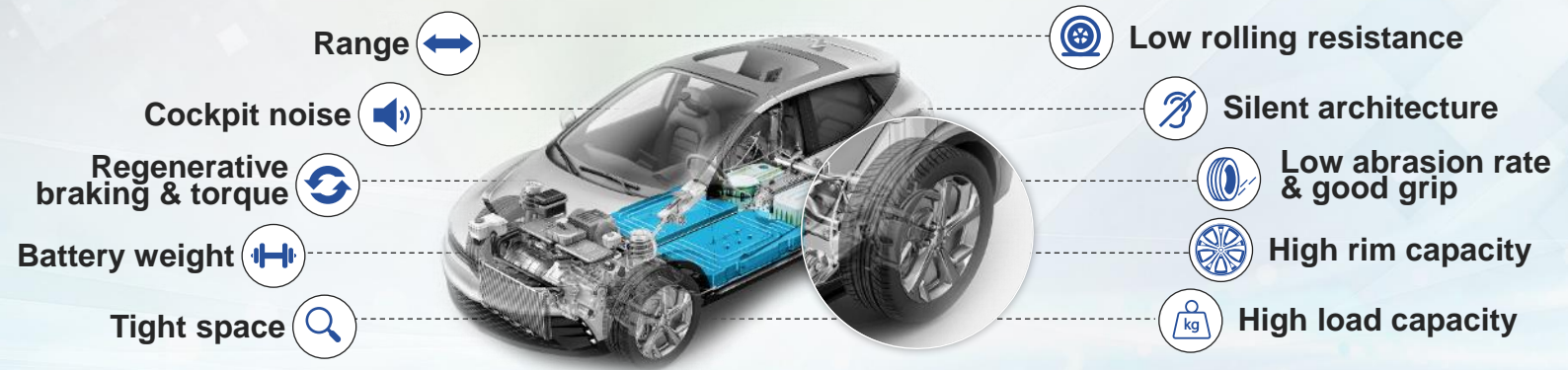
KEY CHALLENGES RELATED TO BEV

KEY REQUIREMENTS FOR TIRES

MICHELIN: BEST COMBINATION OF PERFORMANCES

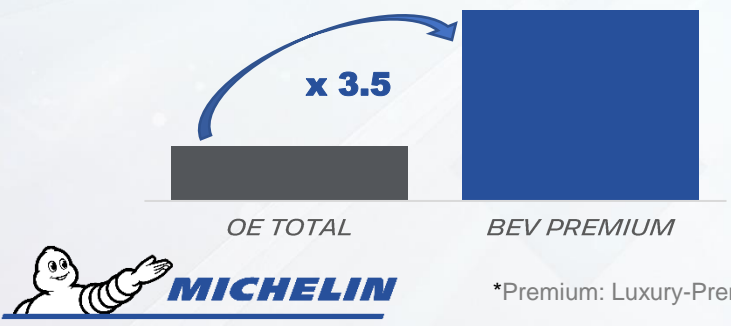
"Low tire abrasion rate and safe driving characteristics: Michelin shows how [tires should be] done"^{**}

^{**} source: ADAC, Dec 2021 - Download the ADAC study



STRONG MARKET SHARE WITHIN PREMIUM* BEV SEGMENT

Michelin market share on BEV premium* segment vs Total OE share



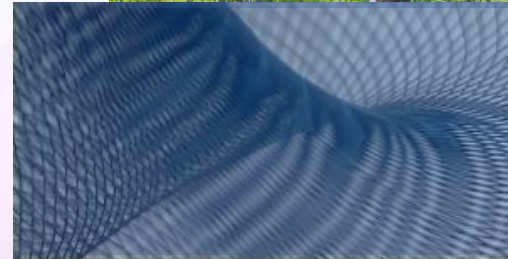
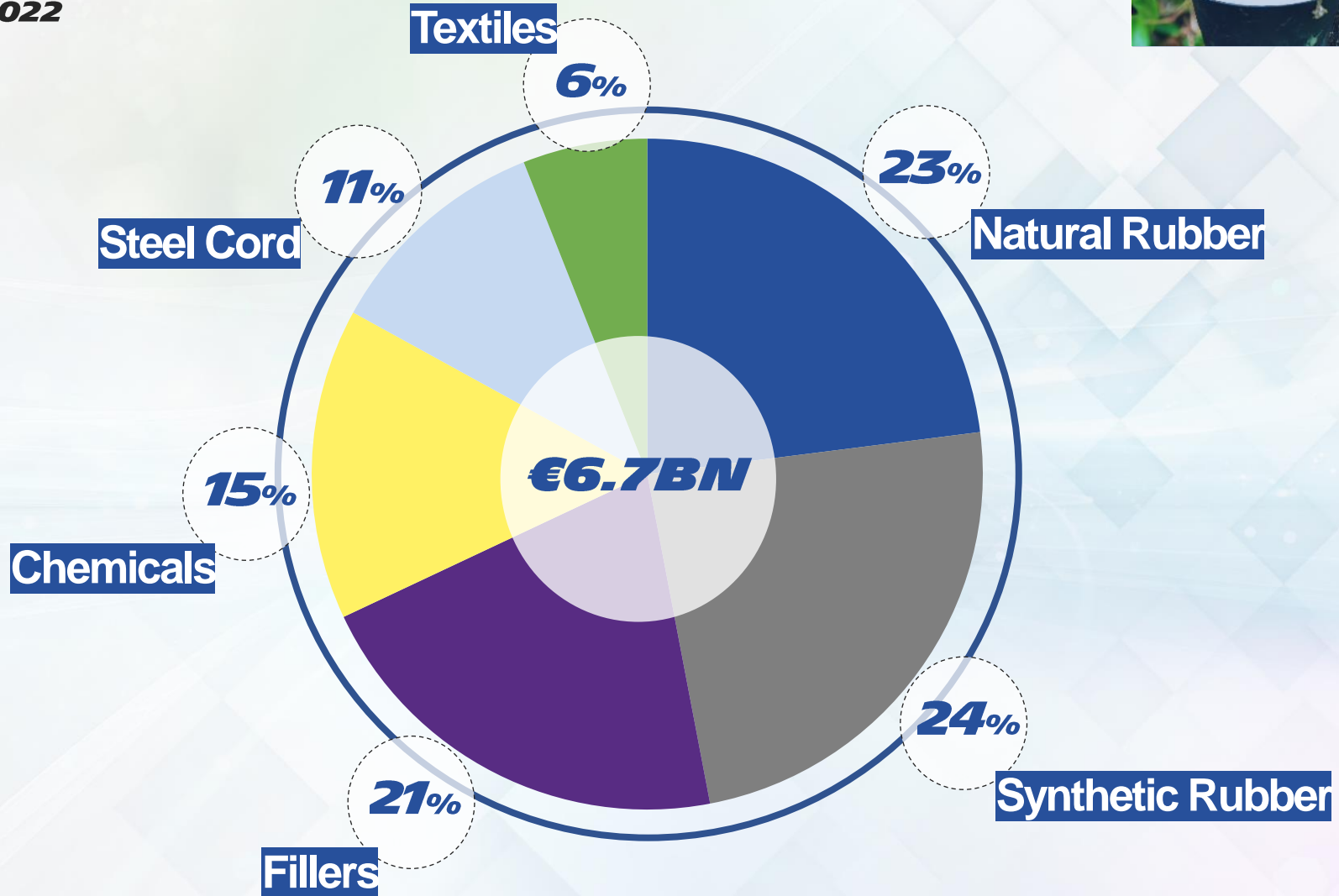
*Premium: Luxury-Premium and Sport-Passion segments

MICHELIN PREFERRED TIRE MAKER FOR LEADING EV OEMS



Raw materials

**RAW MATERIALS
COST SPLIT, 2022**
(in %)



Natural rubber price

TSR20 AND RSS3 IN \$/KG



Source: SICOM

Brent price

BRENT IN \$/BBL



Butadiene price

BUTADIENE IN €/T



Sales by currency & impact on segment operating income (SOI) impact

% of sales 2022		2022 Currency change vs. €	Drop through* Sales → SOI
USD	39%	+12.3%	25% / 35%
EUR	31%	-	-
CNY	5%	+7.8%	25% / 30%
BRL	4%	+17.2%	-30% / -20%
GBP	3%	+1.0%	25% / 30%
CAD	3%	+8.3%	25% / 30%

% of sales 2022		2022 Currency change vs. €	Drop through* Sales → SOI
AUD	3%	+3.9%	80% / 85%
JPY	1%	-5.6%	80% / 85%
MXN	1%	+13.1%	25% / 30%
TRY	1%	-40.8%	80% / 85%
THB	1%	+2.5%	-130% / -100%
Others	8%	-	-

Illustration with impact of USD change on sales and SOI in €:

$$\text{Sales} \times \underbrace{39\% \times 12.3\%}_{\text{impact on sales } +4.8\%} \times \sim 30\% = \text{impact on SOI } (\sim +1.4\%)$$



* Drop through linked to the export/manufacturing/sales base

Capex increase in 2022-2023 to catch up on 2020-2021 postponements

COMMITTED AND PLANNED CAPITAL EXPENDITURE⁽¹⁾

(in € billions)



KEY POINTS

- 2020 & 2021 capex catch-up to continue as expected in 2023, with inflated prices



- Investing in growth segments
MICHELIN brand | Automotive mix | Specialties
- Optimizing routine capex
- Digital manufacturing and competitiveness



- Services and Solutions



- Flexible composites
- Engineered polymers



⁽¹⁾ Purchases of intangible assets and PP&E

Outstanding bond issues

(As of Dec.31, 2022)

Issuer	Compagnie Générale des Établissements MICHELIN								
Issue Type	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	\$600m	€750m	€300m	€500m	€1,000m	€500m	€750m	€500m	€302m
Offering price	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)	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 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.-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-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 Sept. 03	Annual May 28	Annual Nov. 02	Annual Sept. 03	Annual Nov. 02	Annual Sept. 03	Annual Nov. 02	Annual Sept. 30
ISIN	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
Denomination	\$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

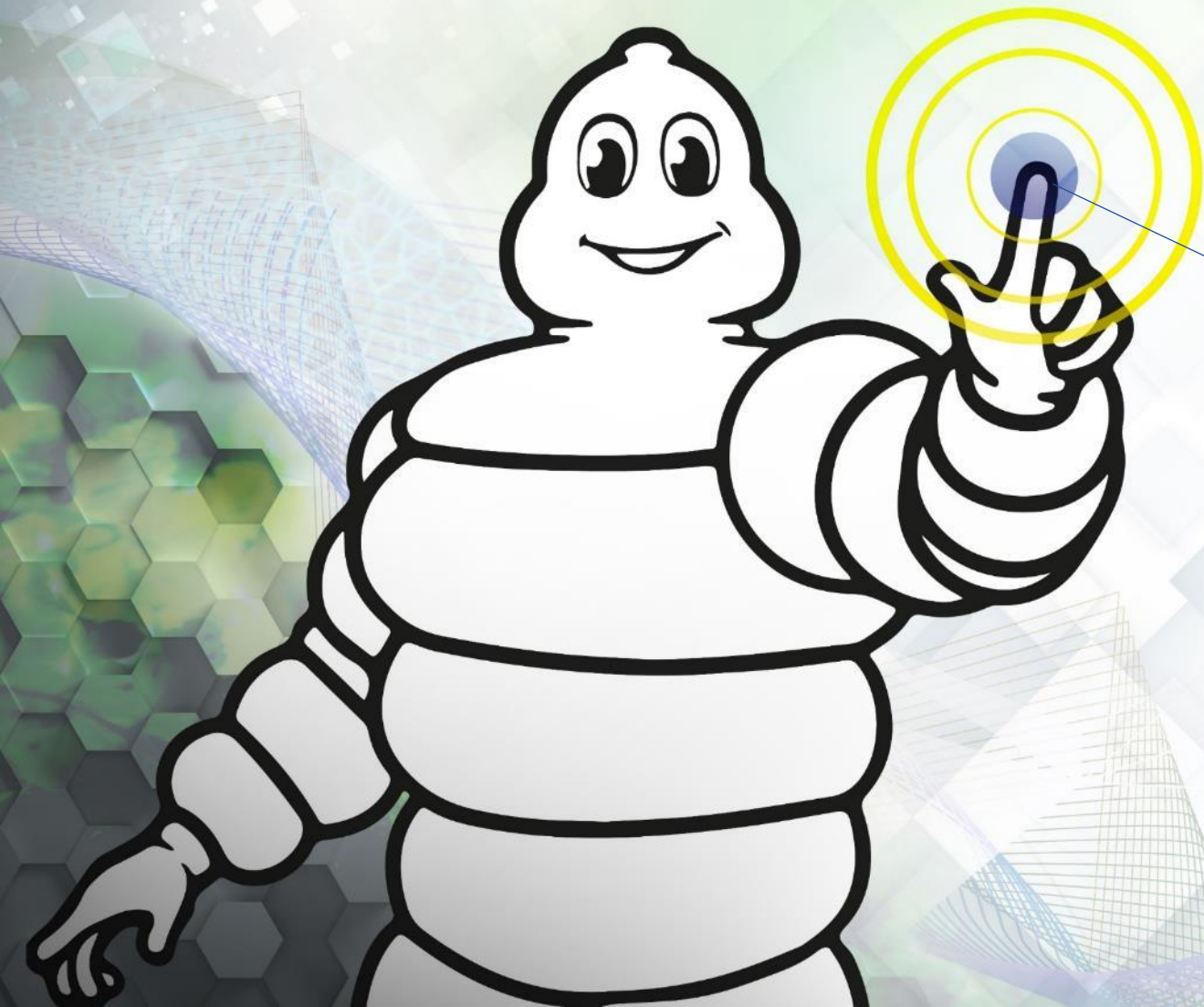


A comfortable cash position with maturities well spread over time

DEBT MATURITIES AT DEC. 31, 2022

(carrying amount in € millions)





APPENDIX

Tire businesses



Wear particles: Michelin has a considerable competitive advantage, without compromising safety

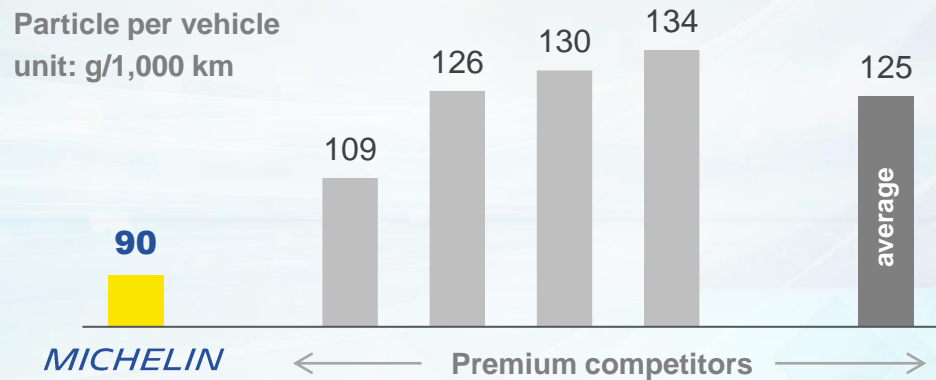
“LOW TIRE ABRASION AND SAFE DRIVING CHARACTERISTICS: MICHELIN SHOWS HOW IT [SHOULD BE] DONE”

(ADAC, Dec. 2021⁽¹⁾)

MICHELIN IS CONTINUOUSLY IMPROVING THE PERFORMANCE OF ITS PRODUCTS THANKS TO ITS UNRIVALED EXPERTISE

Particulate emissions: Michelin vs. other premium tiremakers

Source: ADAC, Dec. 2021⁽¹⁾



« The environmental impact of tire abrasion is up to 50% higher for other manufacturers than for Michelin, whose tire technology currently gives them an enormous lead over the competition. »

Particulate emissions are being reduced with each new range ⁽²⁾

MICHELIN

leader



MICHELIN e.Primacy



-20%

vs MICHELIN Primacy 4

MICHELIN CrossClimate 2



-13%

vs MICHELIN CrossClimate +

MICHELIN Pilot Sport 5



-20%

vs MICHELIN Pilot Sport 4

+ [Download the ADAC study](#)



(1) Tyre wear particles in the environment, ADAC, Dec. 2021 – 100 sizes tested
 (2) DEKRA studies in 2020 (MARK20B, MARK20E) and 2021 (MARK21E)

Tire and road wear particles (TRWP): definition and state of knowledge

TRWP are tiny debris generated by abrasion from a tire's contact with the road surface. **This abrasion is caused by the tire's grip and keeps the tire safely on the road.**

SCIENTIFIC STUDIES⁽¹⁾ HAVE STARTED TO MEASURE THE ENVIRONMENTAL IMPACT OF TRWP:



AIR

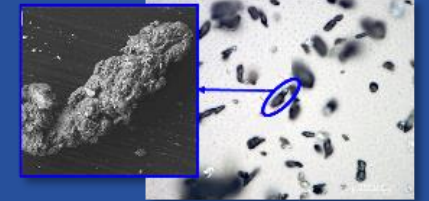
Studies confirm that TRWP account for only a very small proportion (<1%) of particulate matter pollution



WATER

Studies suggest that most TRWP never reach estuaries.

TRWP



5×10^{-2} mm

- **Composition:** mixture of rubber and road surface minerals
- **High density:** 1.8
- **Diameter:** ~100 μ m
(100 times smaller than microplastics)

Michelin is strongly in favor of a regulation that would limit the level of wear particle emissions of all tires worldwide. Michelin is working with the ETRMA⁽²⁾ members to define a standardized TRWP emission rate test method, to eliminate the least performing tires from the market with a threshold regulation

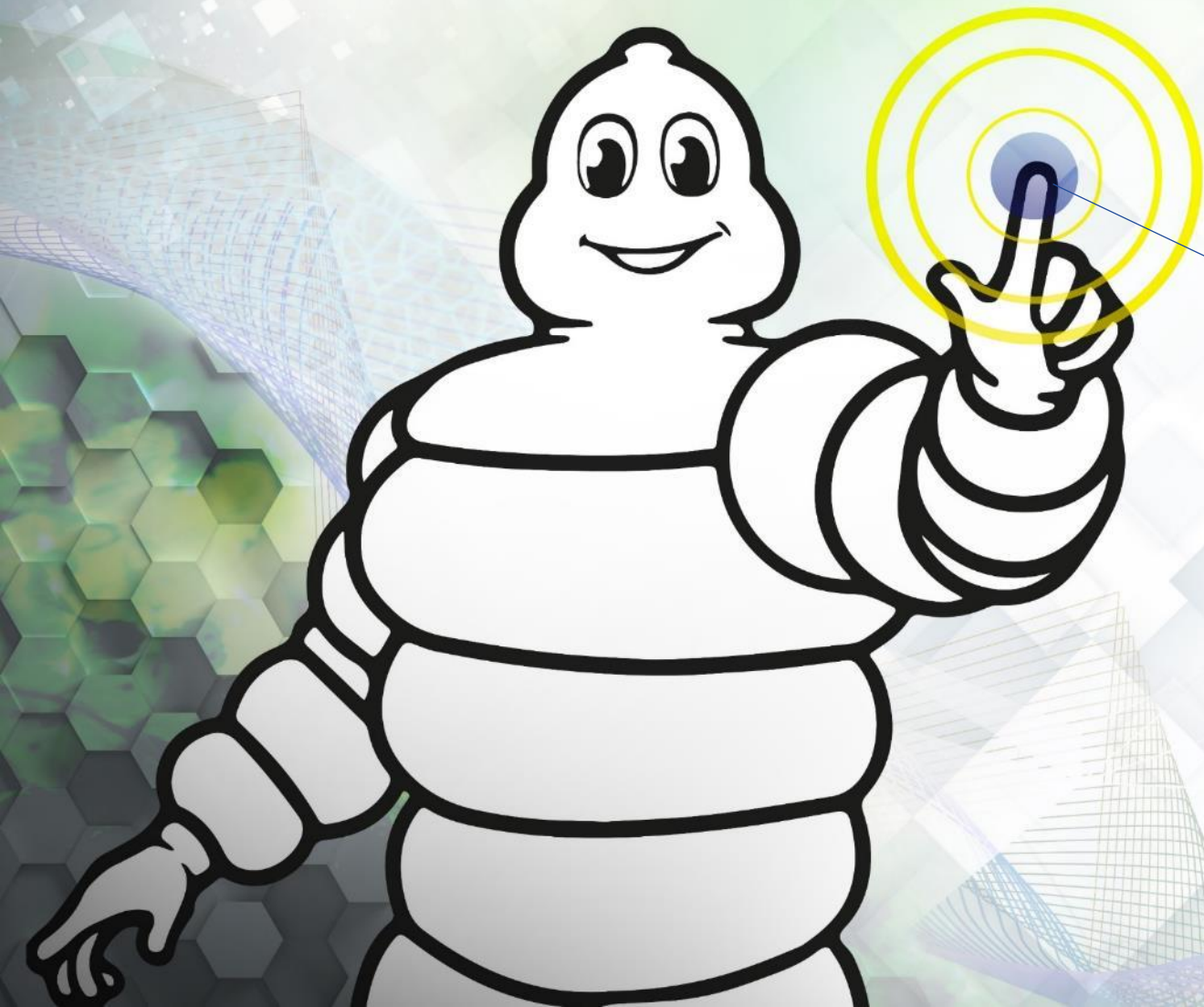
[Download the ADAC study](#)

Tyre wear particles in the environment (Dec. 2021)



(1) For more information about TRWP, [see the following document](#)

(2) European Tyre & Rubber Manufacturers Association



APPENDIX

Around & Beyond Tires



Services & Solutions: combining deep customer intimacy with digitalization-enabled opportunities



FLEET MANAGEMENT

Make operations safer, more predictable, productive and sustainable

INTELLIGENCE

Help customers accelerate their business with smart data and better insights.



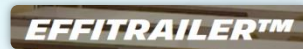
Strong customer intimacy



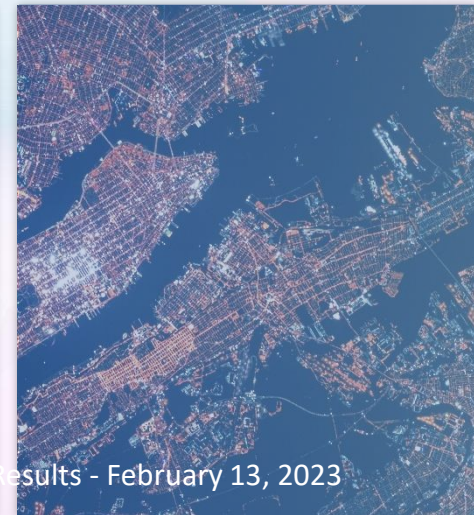
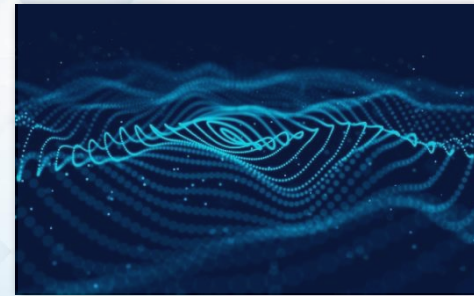
TIRE AS A SERVICE



MICHELIN CONNECTED FLEETS



MOBILITY INTELLIGENCE



Watèa by Michelin: accelerating growth in LCV fleet electrification

A FLEXIBLE, AND TURNKEY SOLUTION



AGGREGATING AND LEVERAGING MICHELIN'S ASSETS

- With Tire**
 - MICHELIN** Cross-Climate range
- Around Tire**
 - masternaut** Telematics technology
 - EUROMASTER** Maintenance network
- Beyond Tire**
 - SYMBIO** Expertise in Hydrogen & fuel cell systems

A HIGH VALUE-CREATIVE ECONOMIC MODEL

Watèa opens 30% of its capital to Credit Agricole Leasing & Factoring (Dec. 22)

WATÈA
by Michelin

- Vehicle deconsolidation from Michelin's balance sheet
- Leverage Credit Agricole Mobility's commercial platform
- Benefit from CAL&F expertise in small fleets in 18 European countries

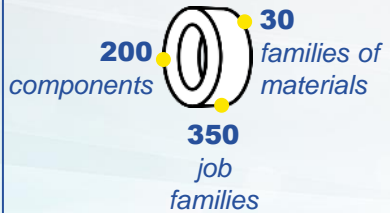
CA

- Accelerate growth in automotive leasing in Europe
- Strengthen commitment to decarbonized mobility

High-tech materials: expanding beyond tires by leveraging our expertise and our innovations, from materials to solutions, for highly demanding applications

R&D

- Unique expertise acquired in **tire manufacturing**:



Proficiency in **materials chemistry** and **processing**, from components to composites

- Fundamental and applied **research capabilities**
- A wide range of **partnerships to accelerate innovation**

MANUFACTURING

- Ability to **scale up** and reproduce the materials-based solutions developed in the laboratory:



- Proficiency in **industrial processes**



With the same level of quality



Around the world

GROWTH STRATEGY

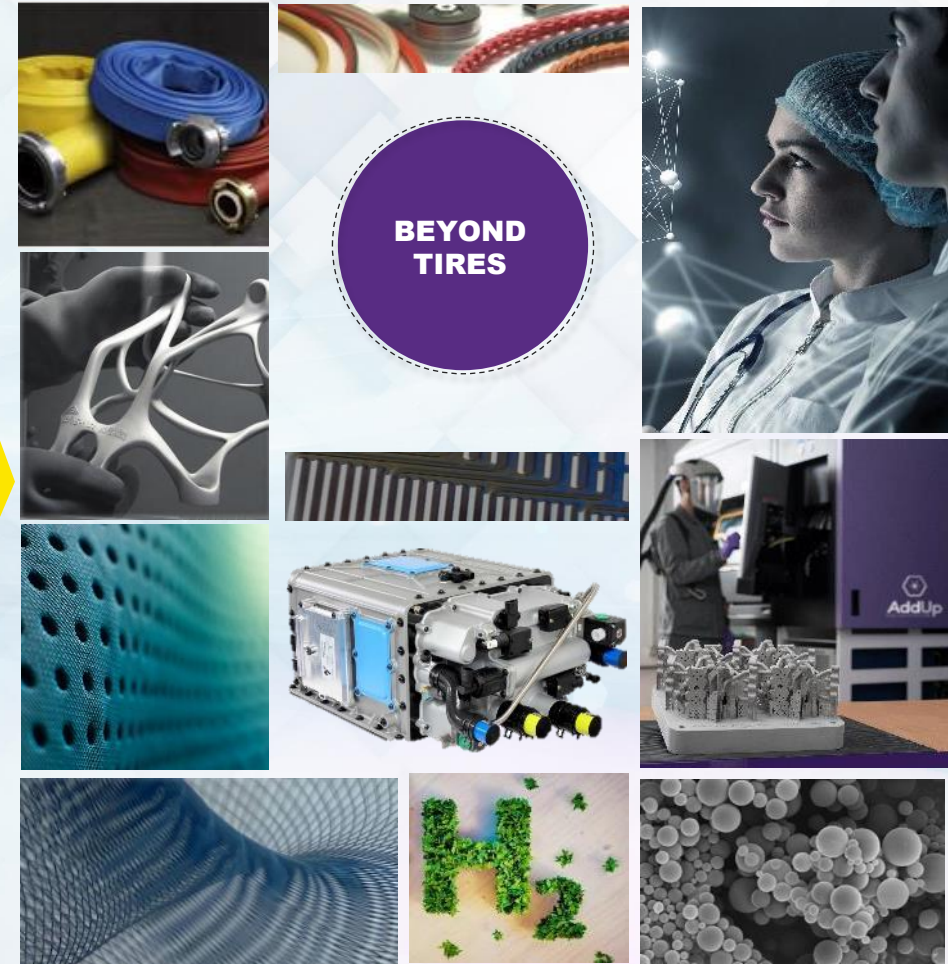
- Organic growth



- M&A-driven growth

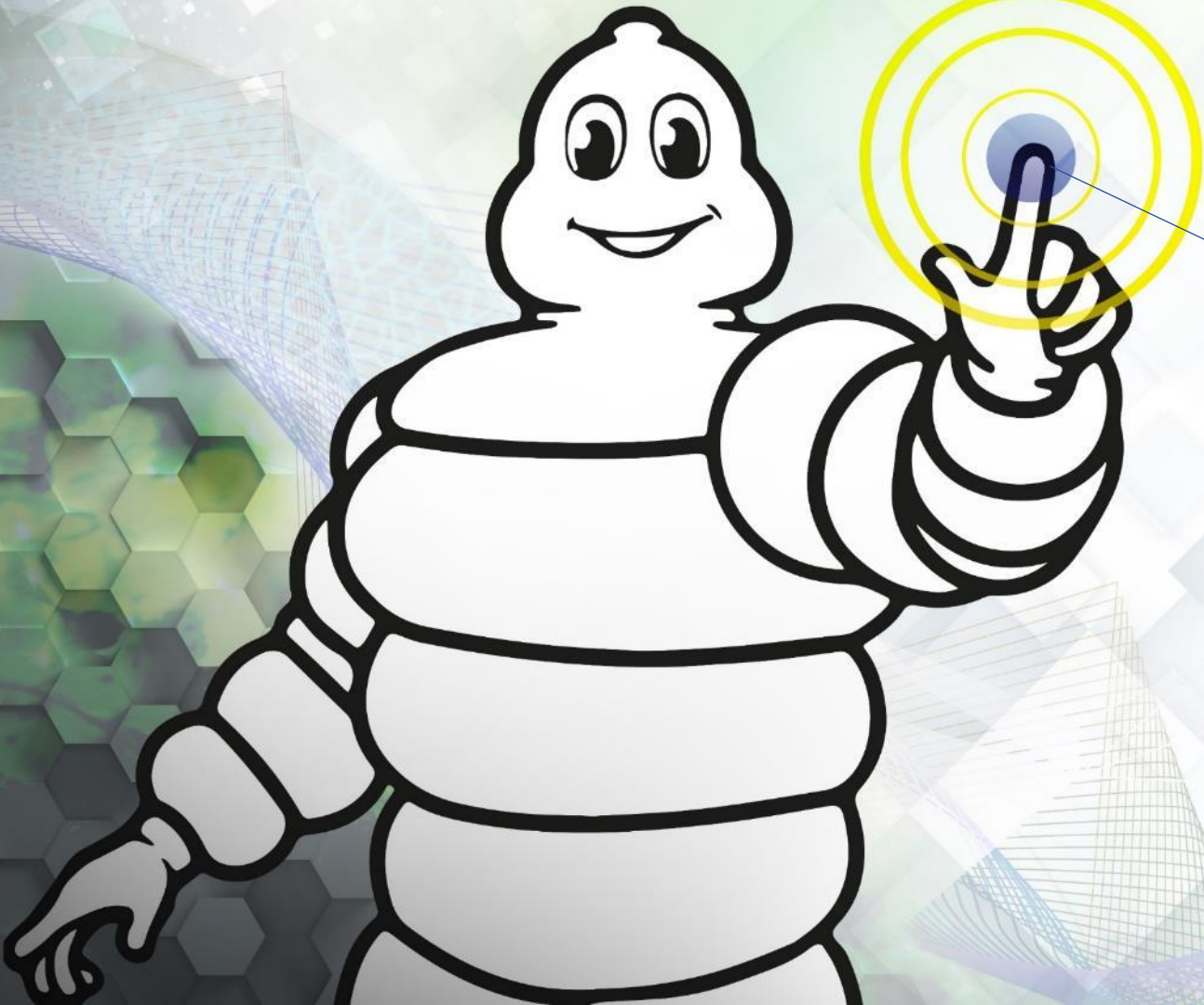
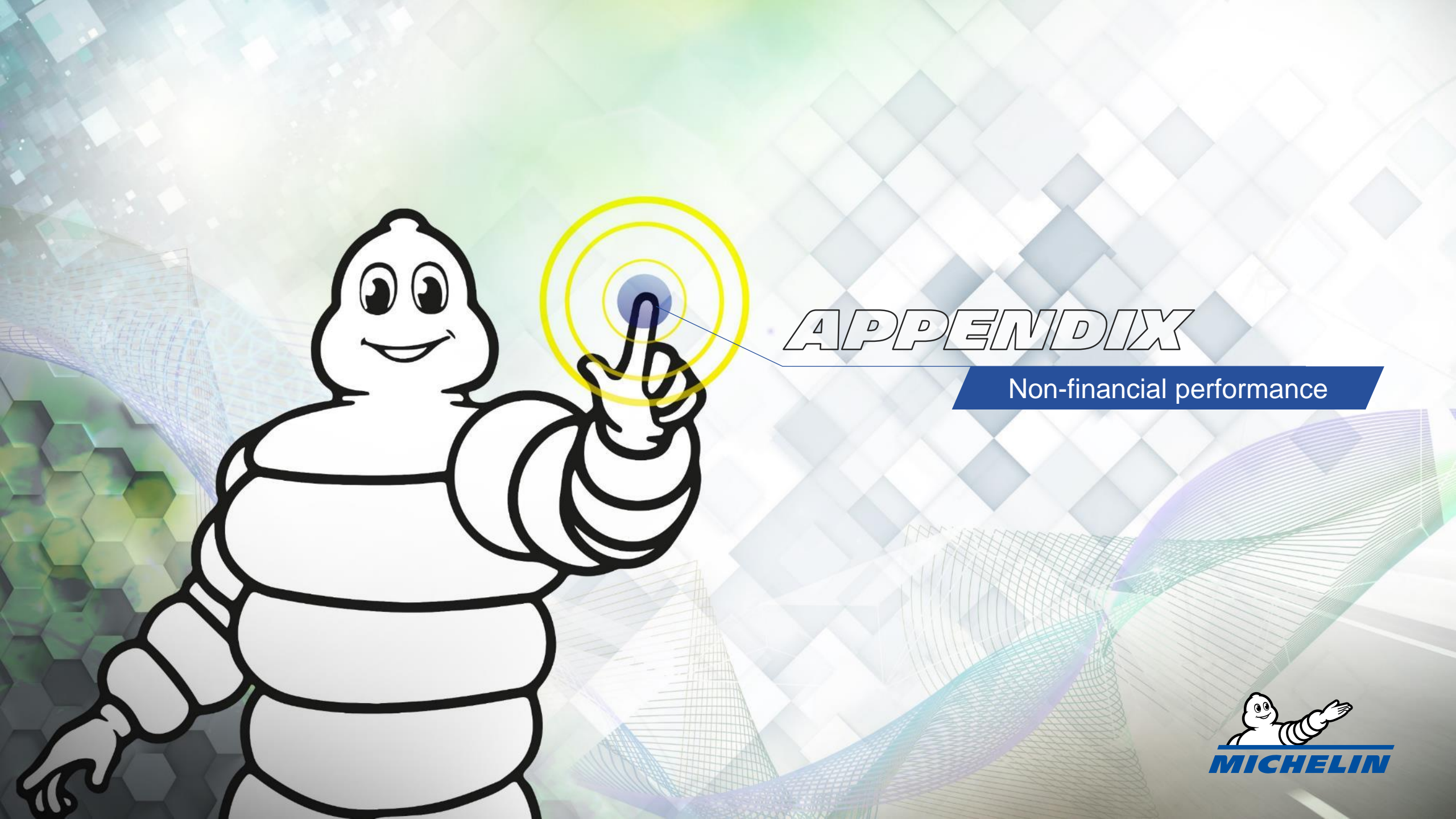
- Features vs. tires:
- Market growth: +
 - EBIT: +
 - Capital intensity: -

- Joint ventures



BEYOND TIRES





APPENDIX

Non-financial performance

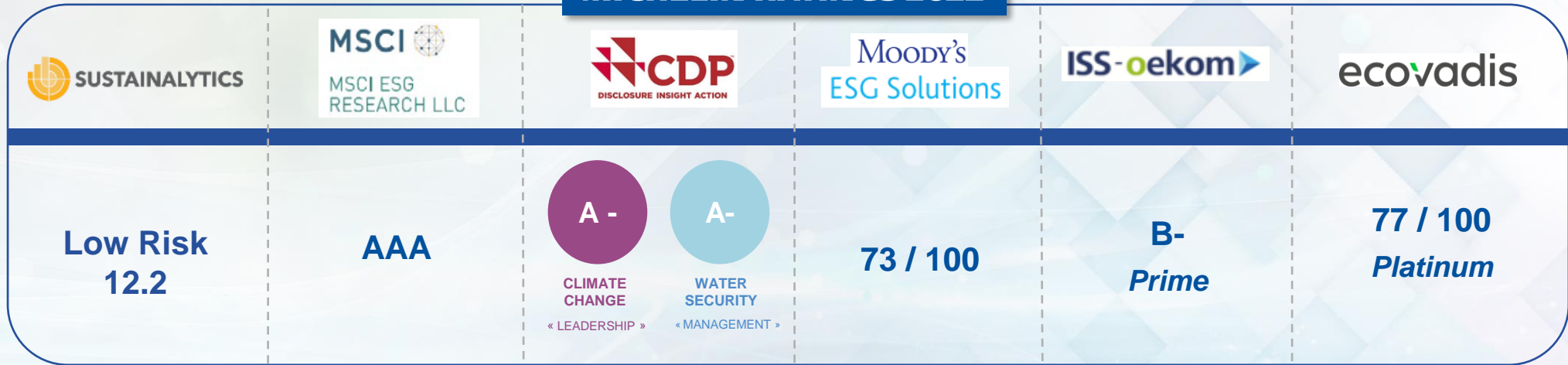


Non-financial performance: Michelin, a recognized leading player in sustainable mobility

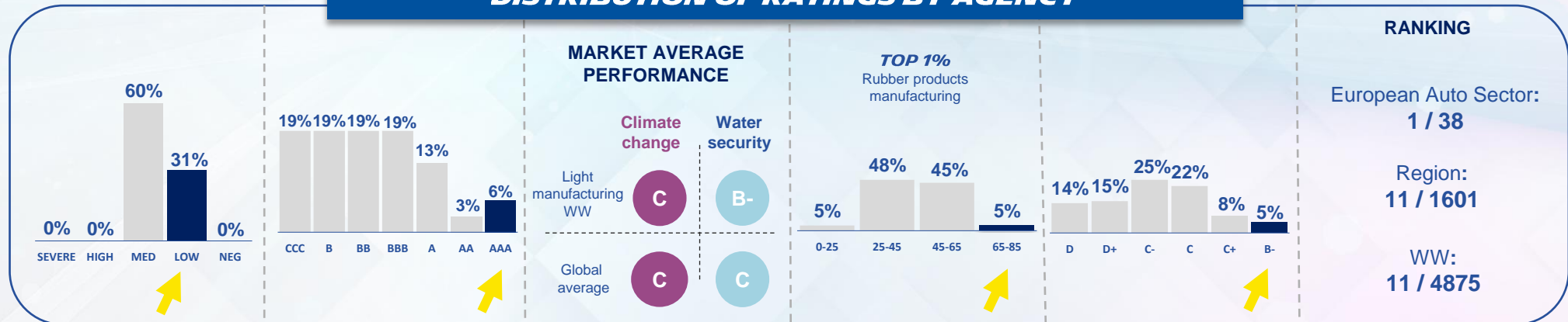
MAJOR SUSTAINABILITY RATINGS

(as of Dec. 31, 2022)

MICHELIN RATINGS 2022



DISTRIBUTION OF RATINGS BY AGENCY

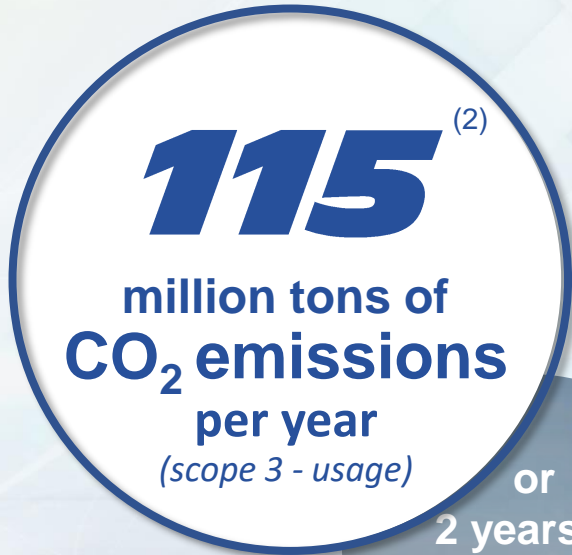


Michelin drives up tire industry standards on product performance

IF THE WORLD WAS DRIVING ON MICHELIN PCLT TIRES IT WOULD SAVE...



thanks to **lower abrasion**, all while maintaining low rolling resistance and other performance features.

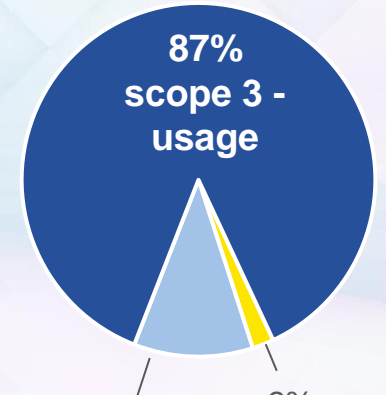


thanks to **lower rolling resistance**, without sacrificing other performance features such as safety and low abrasion.



TIRE INDUSTRY CO₂ EMISSIONS ARE MOSTLY RELATED TO SCOPE 3

Illustration: Michelin 2021 CO₂ emissions⁽³⁾



11% scope 3 - other value chain activities

2% scopes 1 & 2

(1) Underlying hypothesis: 30% advantage for Michelin vs. competitors in abrasion, as calculated by ADAC - *Tyre wear particles in the environment*, Dec. 2021.

(2) Estimated impact on scope 3 usage of the tire industry if Michelin's technology was used by all manufacturers in all geographies. Underlying hypothesis: 20% advantage for Michelin vs. competitors in rolling resistance, based on data extrapolated by Michelin.

(3) See page 210 of the 2021 Universal Registration Document for details.



Michelin has been leading all major innovations in the tire industry

PRODUCT RANGES SUBJECT TO LIFE-CYCLE ANALYSIS

50% IN 2021 ► 100% IN 2025

RADIAL TIRE
1946



1ST "GREEN TIRE"
(low rolling resistance)
1992



WITH TIRES

AROUND TIRES

BEYOND TIRES



On the path to reach full product circularity with 40% of sustainable raw materials in 2030, and up to 100% in 2050

4R CIRCULAR ECONOMY

- R RENEW**
- R REUSE**
- R REDUCE**
- R RECYCLE**



Natural Rubber

Plastifiers/Resins

Textiles

Synthetic Rubber

Fillers

Metals

Other



(1) European project sponsored by Horizon 2020; project number: 82068
 (2) Carried out with the support of ADEME.



Michelin 1st manufacturer able to design a tire homologated for road usage integrating up to 58% sustainable materials

ON THE WAY TO OUR "100% SUSTAINABLE TIRES BY 2050" GOAL: NEW TIRES WITH BREAKTHROUGH TECHNOLOGIES



(1) Size: 275/70 R22.5 152/149
(2) Size: 235/55R19 105W

Michelin, a leader in biodiversity protection



Life Cycle Analyses carried out on at least 75 % of new projects



4.5% of the natural rubber purchased by the Group was assessed as compliant with the environmental criteria of Michelin's Sustainable Natural Rubber Policy.

A study was carried out to identify the raw materials with the greatest impact on biodiversity based on the results of the Science Based Targets for Nature (SBTN) method and the life cycle analyses of raw materials.

12 sites in France without phytosanitary treatments

8 sites at risk of pollution with an action plan

AMBITIONS FOR 2030

BIODIVERSITY

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

Natural rubber: Michelin is strengthening its commitment to efficient, responsible natural rubber farming

IN RESPONSE TO A FRAGMENTED AND COMPLEX INDUSTRY...

Michelin procurement

KEY FIGURES

- ~**90%** of purchased volumes come from smallholders
- ~**150** direct suppliers
- UP TO 7** middlemen between direct suppliers and smallholders in Asia
- ~**2M** smallholders in Michelin's supply chain
- ~**2 HA.** average farm size

...MICHELIN IS STRENGTHENING ITS COMMITMENT TO A SUSTAINABLE SUPPLY CHAIN

2025 OBJECTIVE: STEP UP SUSTAINABILITY ACROSS THE INDUSTRY

- Land rights:** more than 95% of identified at-risk supplies apply the principle of free, prior and informed consent
- Deforestation:** more than 95% of identified at-risk supplies apply the zero-deforestation principle
- Social and environmental risks:** more than 80% of procurement volumes are assessed by RubberWay at the smallholder level on a jurisdictional basis

[+](#) Click to learn more

EXTEND ASSESSMENTS OF SUPPLIER PRACTICES ACROSS THE VALUE CHAIN...

- Direct suppliers via EcoVadis:** 92% of volumes assessed in 2022, 90% 'confirmed' level of ESG maturity.
- Indirect suppliers via RubberWay:** 80% of volumes deploying RubberWay (with direct suppliers) in 2022.
- Deforestation risk analysis tool developed with WWF France:** detailed

...TO UNDERTAKE IMPACTFUL, REAL-WORLD PROJECTS

- Brazil** – partnership with WWF: increasing the rubber harvest to have a positive economic impact on 3,800 families in the State of Amazonas, while preserving the forest (6.8 million hectares under management).
- Indonesia** – (1) partnership with Porsche: improving the skills and sustainability performance of 1,000 smallholders identified with the RubberWayTM app by 2024. (2) project in East Kalimantan to train 2,000 farmers by 2025.
- Sri Lanka** – improving the skills and sustainability performance of 6,000 smallholders by 2025.
- Thailand** – as part of the GPSNR: helping 1,000 small farmers diversify their sources of income with agroforestry opportunities by 2025.
- Africa** – through SIPH: offering nearly 90,000 farmers a year training in best agricultural practices, workplace health and safety, and environmental issues

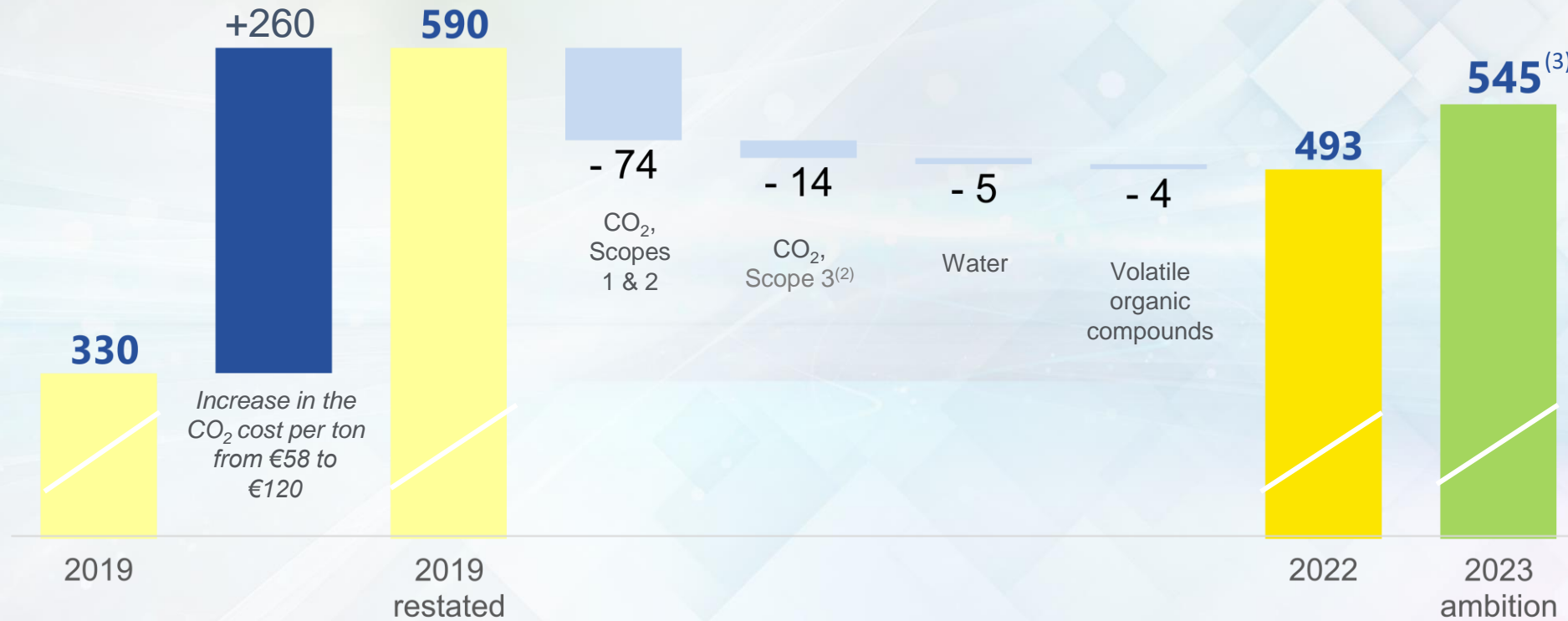


Michelin is pursuing programs to reduce its CO₂ emissions, VOC⁽¹⁾ emissions and water withdrawals

2022 achievements exceed 2023 ambitions. CO₂ emissions dragged down mainly by lower volumes produced and a significant increase in electricity consumption guaranteed from renewable sources, at 54% end of December.

ANALYSIS OF EXTERNALITY COSTS

(in € millions)



Definition : Scope

- 1 **Direct emissions**
sources owned or controlled by the company
- 2 **Indirect emissions**
energy purchased by the company
- 3 **Indirect emissions**
all other emissions related to the company's business activities and the use of finished products



(1) Volatil Organic Compounds

(2) Inbound and outbound transportation and distribution of natural rubber, semi-finished products and finished product

(3) Corresponds to 2023 target of approximately €300m announced at the CMD on April 8, 2021, adjusted for the ton of CO₂ valued at €120/t

Michelin applies the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2021 questionnaire (see <https://www.cdp.net/en/responses>).

MICHELIN'S ANSWER

See p. 222 of 2021 Universal Registration Document for more details

GOVERNANCE

As part of the Supervisory Board's role of exercising permanent oversight of the Group's management, the CSR Committee began to review the climate strategy and issue recommendations.

STRATEGY

Four climate scenarios comprising narrative descriptions and quantitative socio-economic and physical assumptions were updated, deepened and deployed

for use at two levels:

- by the business lines, regional organizations, operating units, corporate departments and other units as part of strategic thinking and ideation exercises,
- by the Group Executive Committee, to compare them to Group strategy and analyze their resilience about climate change and other indirect risks arising from the environmental transition.

RISK MANAGEMENT

In 2021, an initial internal audit of systemic physical risks was performed and the first pilot study of the vulnerability of certain Group operations was completed.

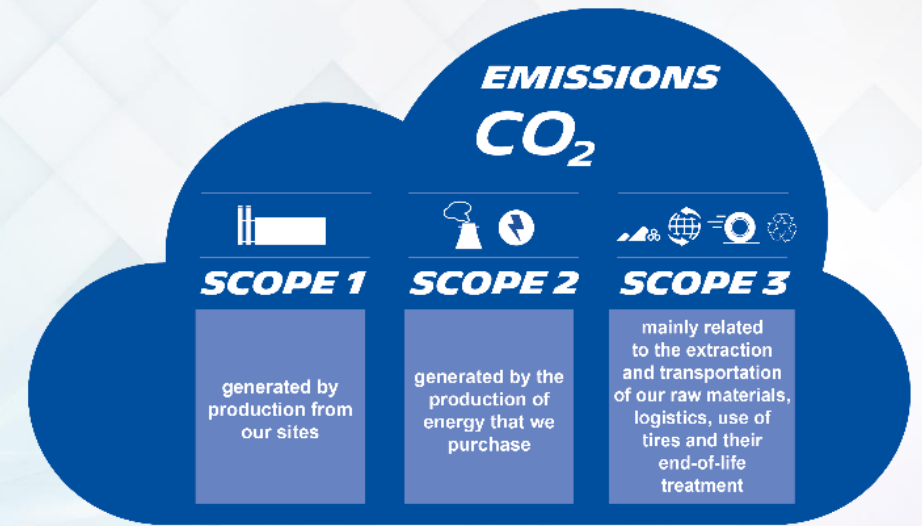
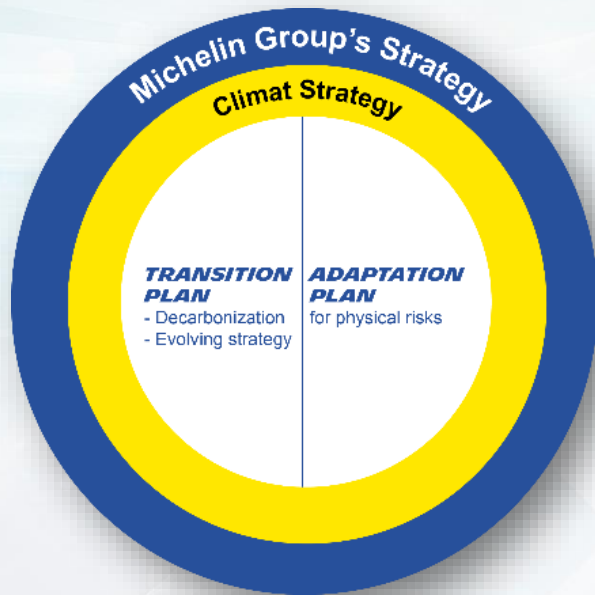
METRICS AND TARGETS

Joining the "Race to Zero" campaign, answering the call to action led by the Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business, by committing to reach net zero emissions by 2050.

Climate strategy is structured around transition and adaptation plans to achieve net zero emissions by 2050

IT IS STRUCTURED AROUND 2 AXES:

- A **TRANSITION plan** including initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 & 3) and a strategic plan to support a low-carbon economy,
- An **ADAPTATION plan** responding to physical impacts of climate change.



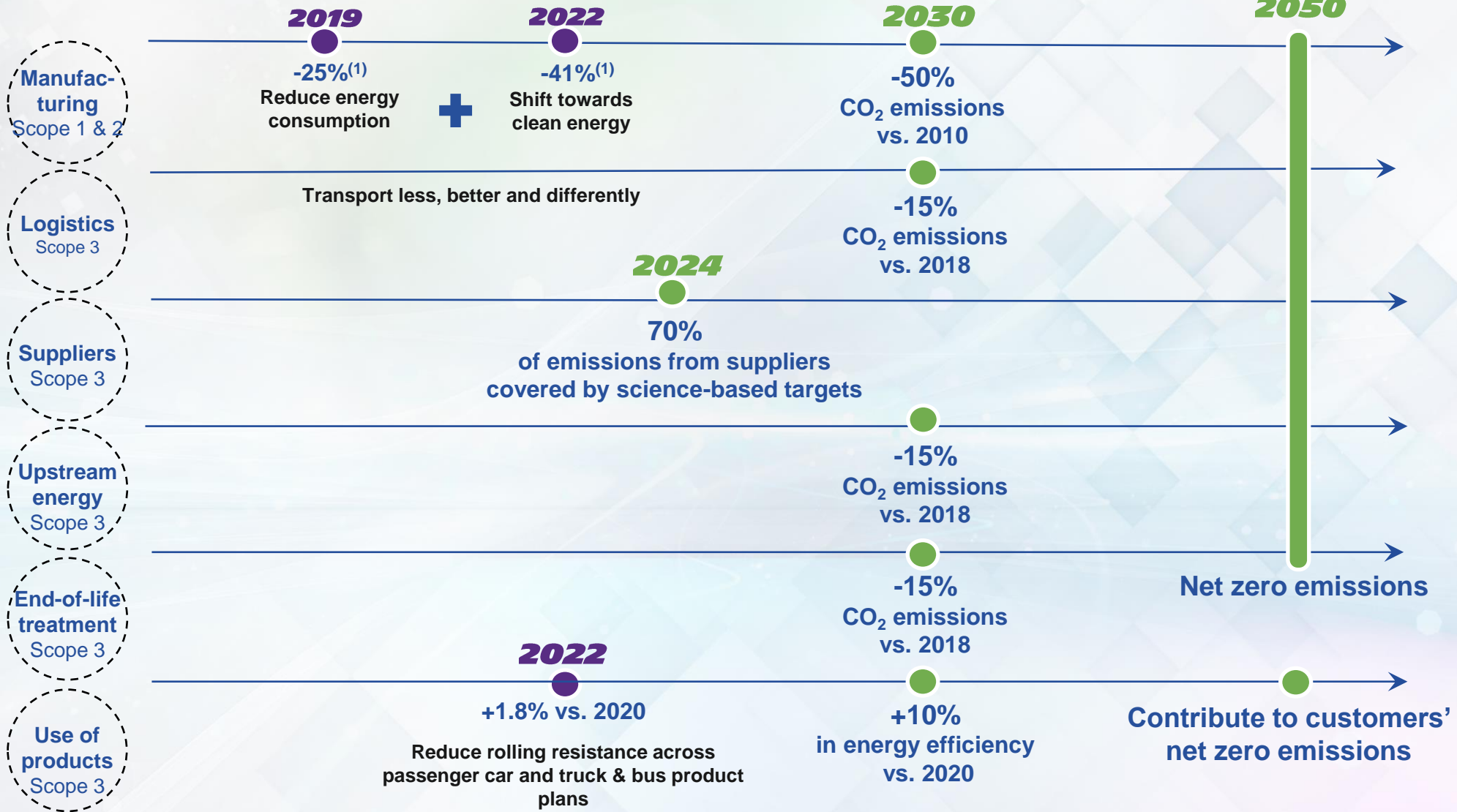
IT IS BASED ON 3 PRINCIPLES:

- **Achieve net-zero emissions by 2050** by fulfilling our external emission reduction commitments by 2030,
- **Identify risks and opportunities** based on climate change scenarios,
- **Transparently disclose information** to our external stakeholders.

2030 Environmental ambition: on the path to reach net zero emissions in 2050

Group's ability to have an influence

● high
⌚ limited



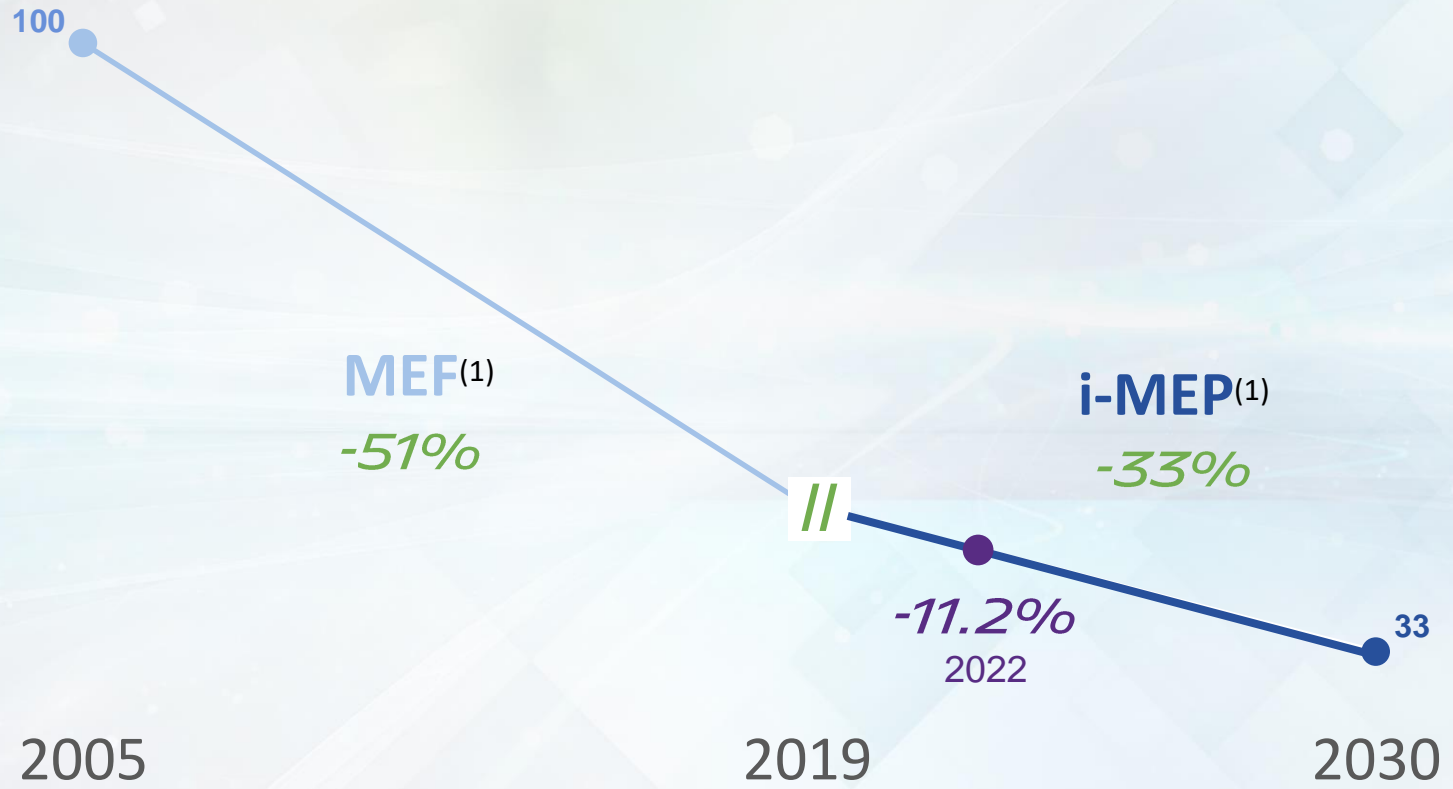
(1) CO₂ emissions vs. 2010

● Results ● Ambitions

Sharp reduction in the environmental footprint of our sites

REDUCTION OF THE ENVIRONMENTAL FOOTPRINT OF OUR SITES

ISO14001- certified



Water withdrawal x water stress



Generated waste



Organic solvent use



Energy use



CO₂ emissions



(1) MEF: Michelin Environmental Footprint; i-MEP: industrial-Michelin Environmental Performance; see detailed definition p.151 of the 2021 Universal Registration Document

Universal social protection

Michelin is committed to social progress and supports **all employees of all Group companies around the world** at key moments of their life through a **minimum package of social benefits**.

SINCE MARCH 2022, THE MICHELIN ONE CARE PROGRAM HAS BEEN DEPLOYED WITH ESSENTIAL GUARANTEES IN THREE AREAS:

Give employees time to welcome a new child

Compensated at 100%

- **Maternity and adoption leave:** 14 weeks minimum,
- **Paternity leave:** 4 weeks minimum.



Protect the family in case of an employee's death

- Payment of a death benefit (for employees with at least a one year base salary)

Ensure all employees and their family can access a health program

- In at least 4 areas:
 - ✓ in-patient hospitalization,
 - ✓ maternity care,
 - ✓ out-patient and routine care,
 - ✓ emergency care.

AMBITION: 100% of employees covered by the **Michelin One Care Program** by January 1, 2025.



Diversity and inclusion: Progress in every dimension in 2022, demonstrating the Group's commitment



EQUAL OPPORTUNITY

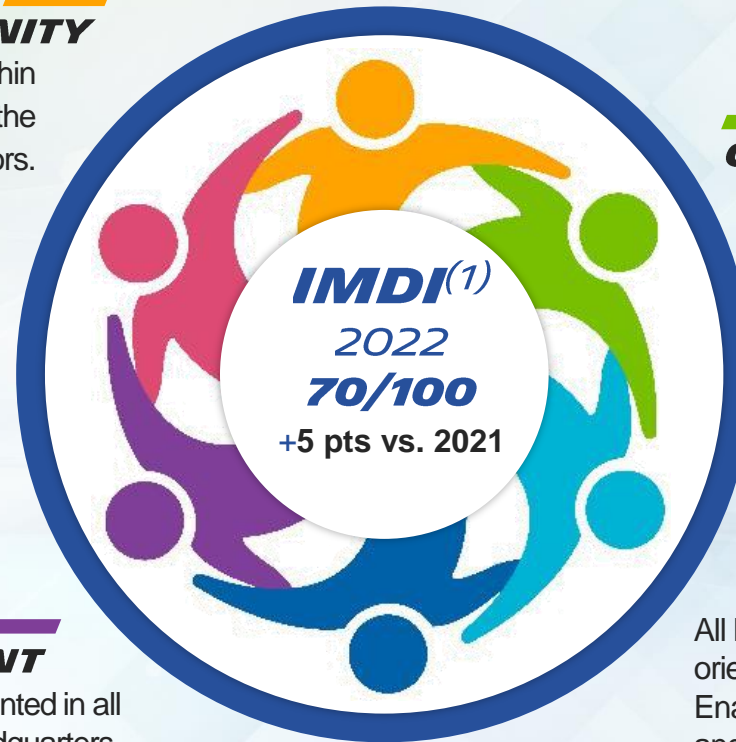
Every employee can develop his/her talents within the company. Michelin pays particular attention to the internal promotion of manufacturing operators.

DISABILITY

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

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.



GENDER BALANCE

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

IDENTITY

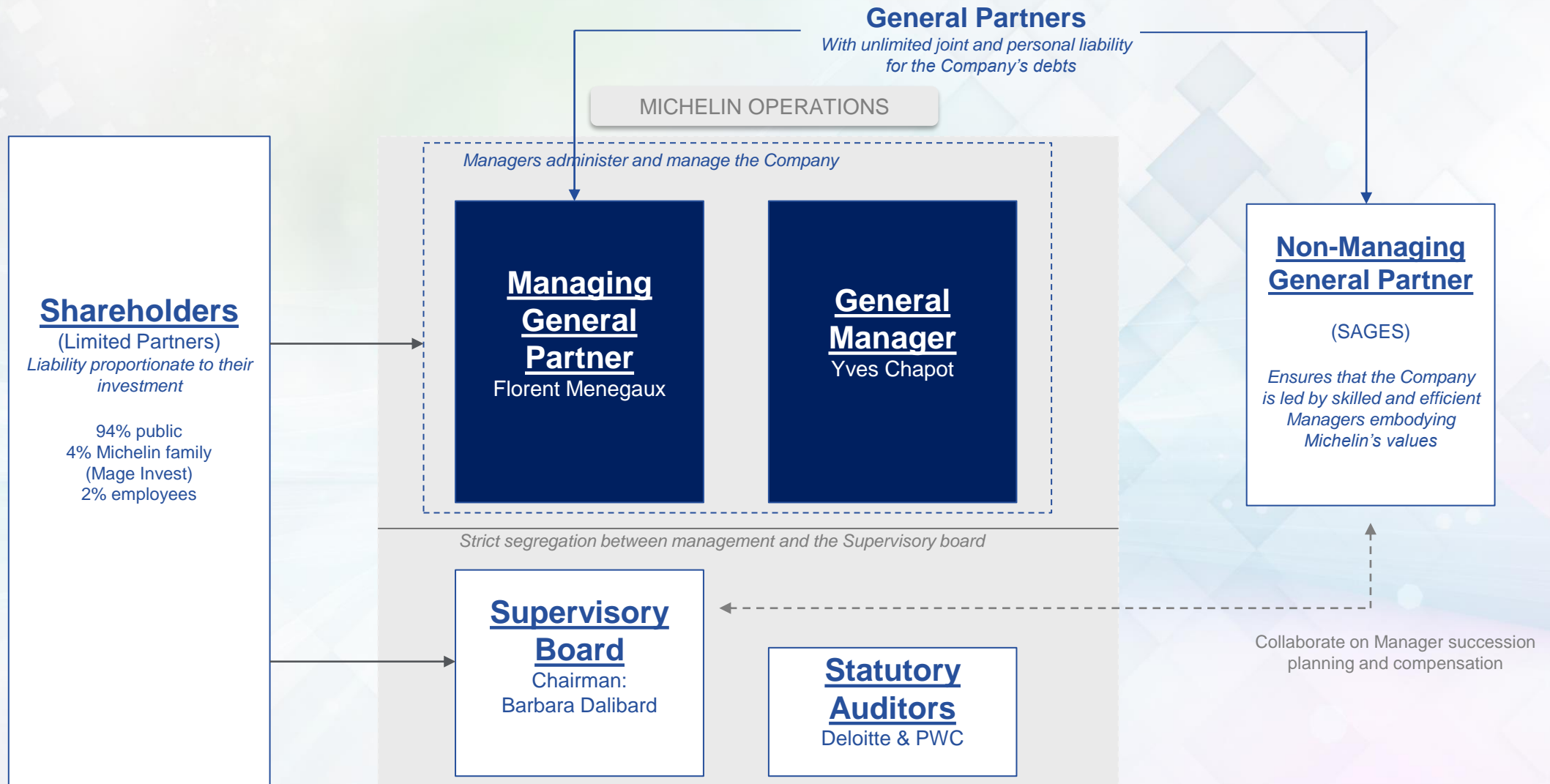
All D&I⁽²⁾ aspects, (e.g., age, sexual orientation, ethnicity, religion, etc.) Enable every person to be who they really are and to bring their authentic selves to work.



(1) IMDI Management Index: see definition on p. 181 of the 2021 Universal Registration Document

(2) Diversity and Inclusion

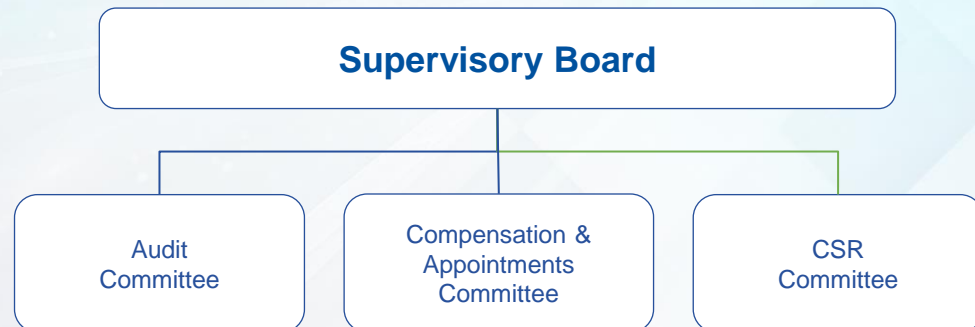
Michelin governance pillars: clear segregation of management and supervisory powers



ESG awareness and oversight are fully embodied in Michelin's governance structure



SUPERVISORY BOARD - CSR COMMITTEE



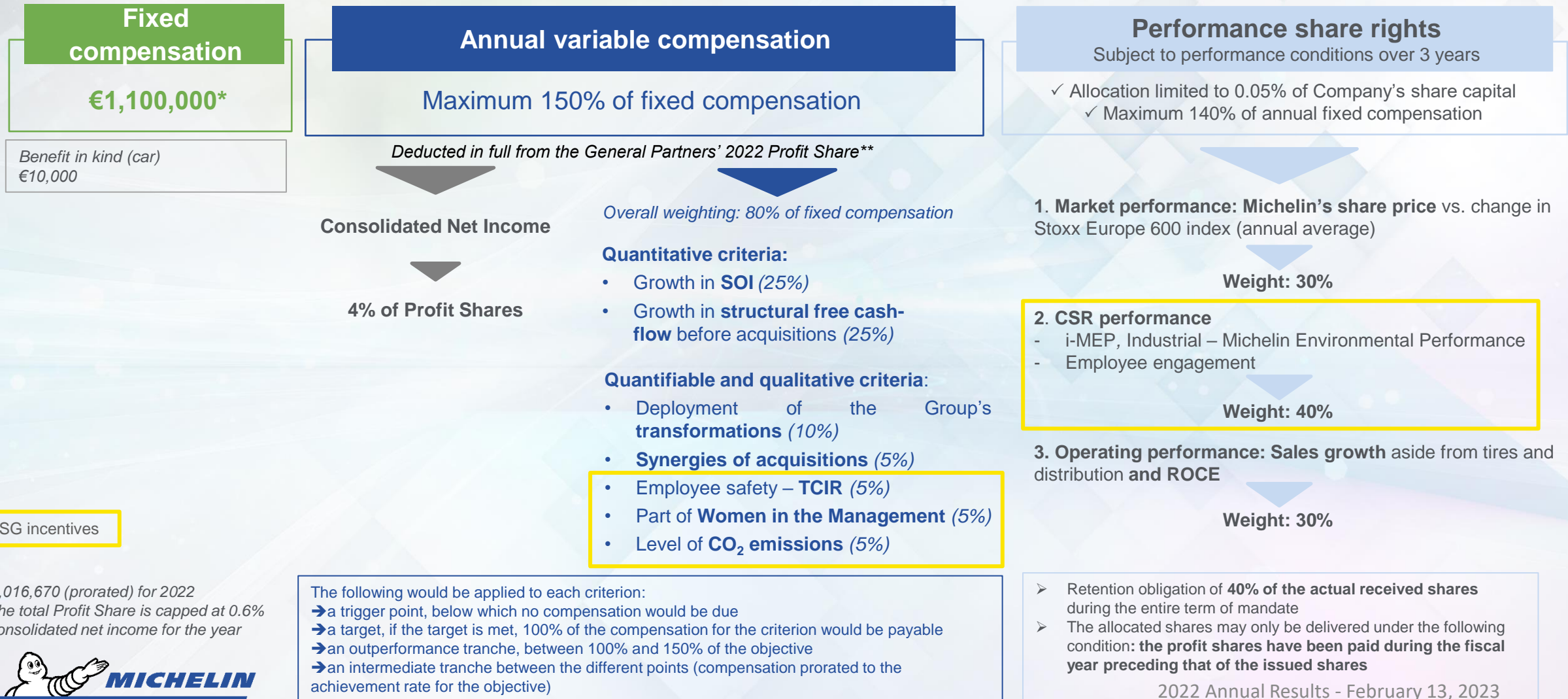
STAKEHOLDERS COMMITTEE

At the corporate executive level, a Stakeholders Committee set up in 2016 brings together 12 representatives of the Group's leading stakeholders, including suppliers, investors, unions, customers and NGOs. Four continents are represented on the Committee, which meets with the Executive Committee for a full day at least once per year.



ESG criteria are included in Managers' compensation and shared with all employees regarding performance share plans

2022 COMPENSATION POLICY FOR FLORENT MENEGAUX, MANAGING CHAIRMAN



Glossary

FREE CASH FLOW (FCF)

Free cash flow, which is stated before dividend payments and financing transactions, 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

Corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw materials costs on trade payables, trade receivables and inventories. The structural free cash flow is calculated on full year basis only.

ROCE

Return on capital employed is measured as follows:

net operating profit after tax (NOPAT)(1), calculated at a standard tax rate of 25%, corresponding to the Group's average effective tax rate;

divided by average economic assets employed during the year (2), i.e., all of the Group's intangible assets, property, plant and equipment, loans and deposits, investments in equity-accounted companies, and net working capital requirement.

TIRES SALES

Correspond to sales from Michelin's core business, including the Tire as a Service (TaaS) business and Distribution operations.

NON-TIRE SALES

Correspond to sales from the Services and Solutions (excluding TaaS and Distribution), Conveyor Belts and High-Tech Materials businesses, excluding joint ventures.

Free Cash Flow (FCF)

+ M&A

= Free Cash Flow before M&A

+/- Adjusted for the impact of changes in raw materials costs

= **Structural Free Cash Flow**



(1) NOPAT = Segment operating income + amortization of acquired intangible assets + the Group's share of profit from equity-accounted companies.

(2) Average between the opening and closing balance sheets for the year.

"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/en/> 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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