



# 2023

## FIRST-HALF RESULTS

July 26, 2023



**MICHELIN**

## Michelin delivered Sales growth of 5.9% and increased SOI by 11.4% over the semester, on adverse markets. Free cash flow before M&A reached €922m. Guidance revised upwards on both SOI & FCF.

- Sales up 5.9% to €14.1bn, lifted by pricing discipline and fast-growing non-tire sales
  - Tire markets flat in PC and decreasing in Truck, supported by OE but penalized by continuation of destocking from distribution and B2B fleets
  - Tire sales volumes down by 3.7%, reflecting market dynamics and Group's priority on value-accretive segments
  - Price-mix effect reached 9.4% thus recognizing the premium value of our offers and net positive mix despite adverse OE/RT sales development
  - Non-tire sales grew by 17% at constant exchange rates, sustainably fueling Group's growth
  - Currency effect turned negative at -1.0% due to the depreciation of most currencies against the euro
- Segment operating income increasing by 11.4% to €1.7bn, value management offsetting cost inflation and negative impact of volumes
  - Auto and Specialties segments delivering increased performance
  - Road transportation facing negative OE/RT mix and low volumes heavily impacting plant loading and fixed costs absorption
  - Strong price-mix effect benefitting from sustained product mix enrichment, pricing policy and lagged effect of indexation clauses
  - Specialties (RS3) operating margin reaching 18.3%, supported by dynamic Mining, Aircraft and High-tech materials businesses
- Free cash flow before acquisitions of €922m driven by tight business steering
  - EBITDA reaching €2.6bn or 18.8% of sales
  - Working capital benefitting from tight inventory management and cash recovery from Q4 22
  - Positive cash generation from TBC, including divestment of company-owned retail network
- Growth beyond mobility accelerating with FCG acquisition, in line with Group ambition to become a key player in polymer composite solutions
- 2023 guidance revised upwards: > €3.4bn in segment operating income at constant exchange rates; > €2.0bn reported FCF before acquisitions <sup>(1)</sup>

<sup>(1)</sup> Definition: see slide 71







# Accelerating growth beyond mobility with priority on polymer composite solutions

## Strengthening premium positioning across tire businesses

(% of 2022 pro-forma sales including FCG acquisition)

### Cyclicality

-  Very high
-  High
-  Low
-  Very low

### SPECIALTIES



**Main drivers:** GDP, public spending, commodity prices, construction

19%

### POLYMER COMPOSITE SOLUTIONS

5%

includes **FCG**  
FLEX COMPOSITE GROUP



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

### TRANSPORTATION & SERVICES TO FLEETS

26%



**Main drivers:** GDP & PMI

### AUTO OE <sup>(1)</sup>



**Main drivers:** regulation & GDP

9%

41%

### REPLACEMENT AUTO & 2-WHEEL



**Main drivers:** miles driven, GDP, used cars market

(1) Original equipment



# Michelin's deep-innovation capabilities feed the Group's leadership on all targeted end-markets

## MICHELIN'S DEEP-INNOVATION CAPABILITIES



Unrivaled innovation ability, from fundamental research to solutions development



Extensive worldwide manufacturing expertise



Unique know-how in performance simulations



Clear roadmap towards 100% sustainable materials with dedicated R&D programs

## LEADERSHIP POSITION ON EVERY TARGETED END-MARKET

### TIRE



### SERVICES TO FLEETS



**TaaS**  
Tire-as-a-Service



### POLYMER COMPOSITE SOLUTIONS

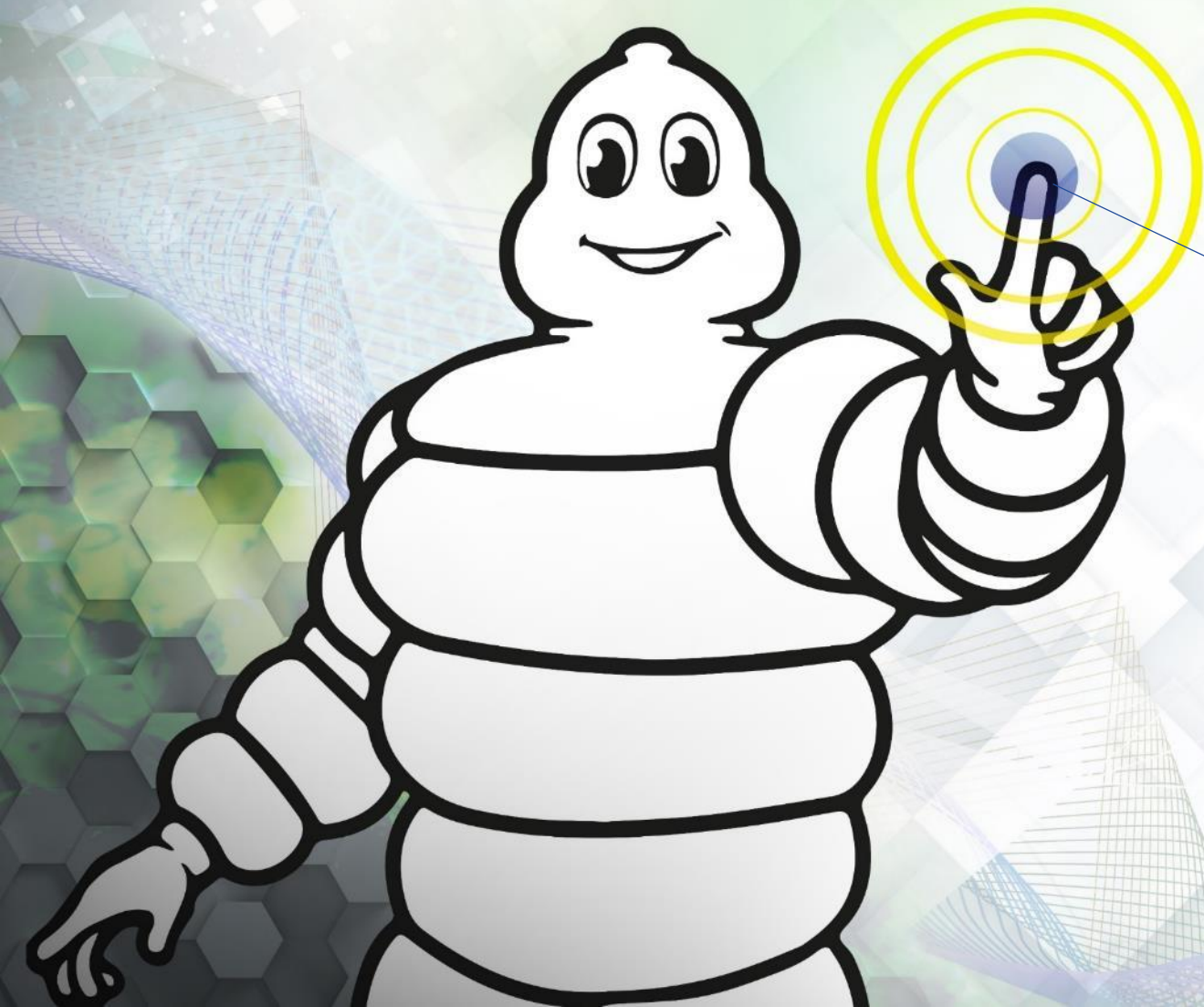
Sealing technologies

Belting solutions

Engineered fabrics & films

Engineered polymers

***FIRST HALF  
2023 RESULTS***





# Solid overall Group performance in H1 2023



## PEOPLE

**29.7%**

of managers are women

**+0.7 PTS** vs H1 2022



## PROFIT

**€1,704M**

Segment Operating Income <sup>(1)</sup>

**12.1%** of sales



## PLANET

**2.2M tons**

CO<sub>2</sub> emissions scopes 1&2 <sup>(2)</sup>

**- 14%** vs H1 2022

**1.03**

Total Case Incident Rate

**-0.02 PTS** vs H1 2022

**€922M**

Free cash flow before M&A <sup>(1)</sup>

**+ €1.9BN** vs H1 2022

**27M m<sup>3</sup>**

Water consumption <sup>(2)</sup>

**- 11%** vs H1 2022

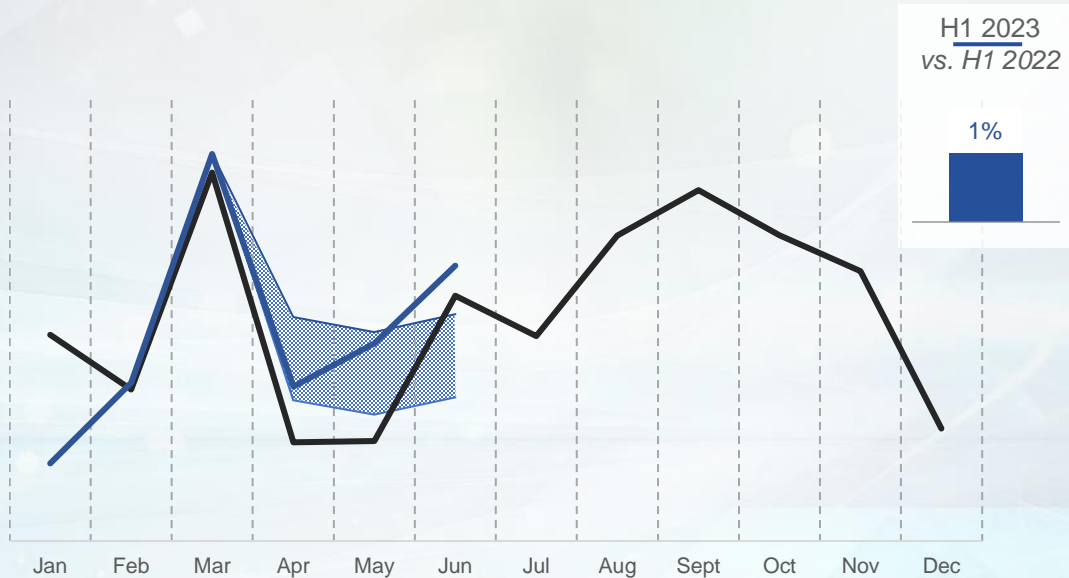
(1) Definition: see slide 71

(2) 12-months rolling basis

## Sell-in markets: within expected range in PC/LT at the end of June, below range in Truck (excl. China)



### PASSENGER CAR AND LIGHT TRUCK TIRE MARKET



### TRUCK TIRE MARKET EXCLUDING CHINA



— 2023

— 2022



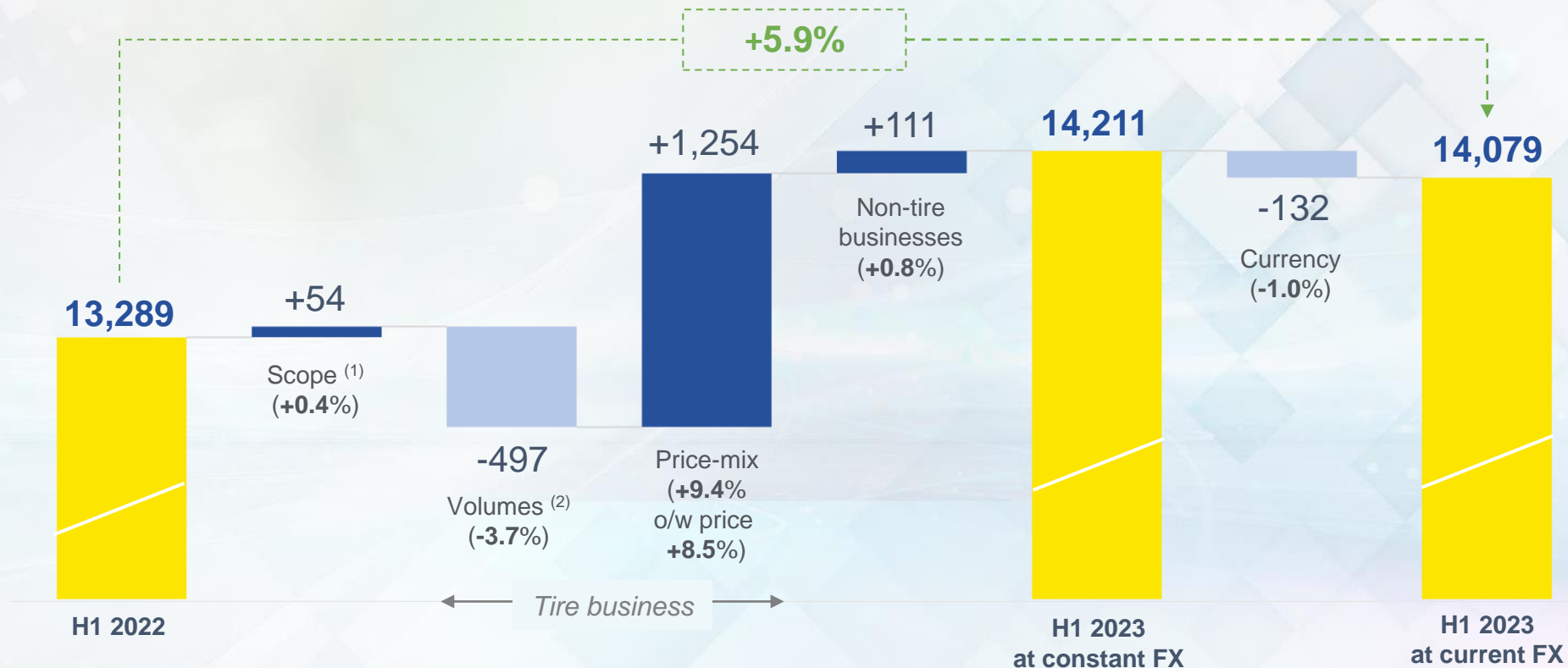
Projection presented during the Q1 release

# Group sales up 5.9% in H1 to €14.1bn, lifted by pricing discipline despite low volumes

## Non-tire sales grew by 17% or €111m

### ANALYSIS OF SALES

(in € millions and as a % of H1 2022)



<sup>(1)</sup> Consolidation of CPS (Conveyor Products & Solutions) effective July 14, 2022, EGC Enterprises (high performance polymers) effective Feb. 3, 2023, BlackSmith effective Apr. 1, 2023.

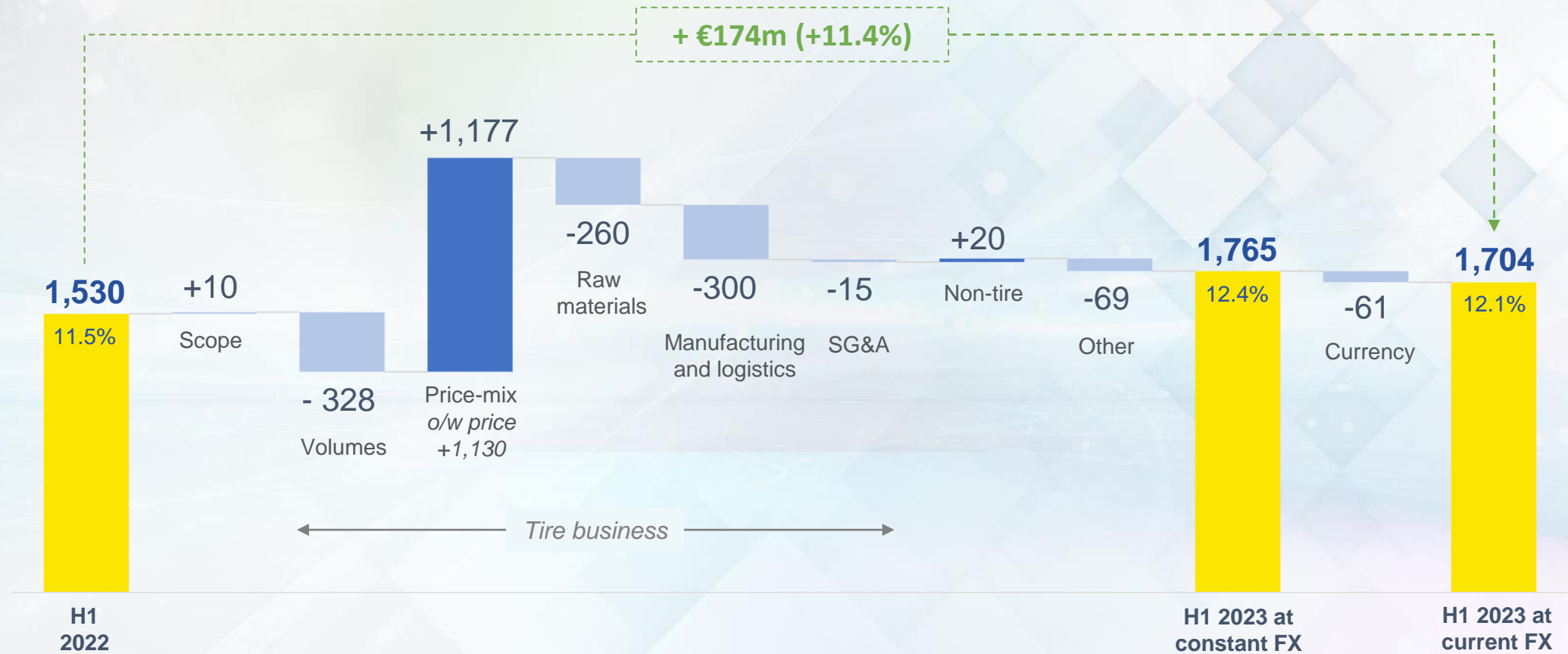
<sup>(2)</sup> Of which c.+1% related to sales increase of integrated distribution network.



# Segment operating income up 11.4% to €1.7bn, value management offsetting cost inflation and negative impact of volumes

## ANALYSIS OF SEGMENT OPERATING INCOME (SOI)




(in € millions, % of sales)



# Auto and Specialties segments delivering strong performance, Road transportation facing low volumes and high fixed cost under-absorption

## SALES AND SOI BY REPORTING SEGMENT

(in € millions)

		H1 23	H1 22	CHANGE	
<b>RS1</b> 	Sales	<b>7,024</b>	6,599	+6.4%	Sales and operating income growth driven by dynamic pricing management and sustained product mix enrichment. Market share gain in growing 18"+ segment, now accounting for 59% of MICHELIN-branded tire sales in H1 23, up 5 points vs H1 22.
	<i>o/w volume change</i>	-	-	-2%	
	Operating income	<b>866</b>	782	+10.7%	
	Operating margin	<b>12.3%</b>	11.9%	+0.4 pts	
<b>RS2</b> 	Sales	<b>3,397</b>	3,469	-2.1%	Sales penalized by low volumes, mainly from replacement in Europe heavily impacted by destocking, and unfavorable market mix. Fixed cost under-absorption leads to lower margins. Double-digit growth in services to fleets.
	<i>o/w volume change</i>	-	-	-8%	
	Operating income	<b>168</b>	314	-46.4%	
	Operating margin	<b>5.0%</b>	9.1%	-4.1 pts	
<b>RS3</b> 	Sales	<b>3,658</b>	3,221	+13.6%	Operating income back to expected levels, supported by dynamic Mining, Aircraft and High-tech materials businesses. Beyond Road activities (agriculture, construction, material handling) focusing on value-accretive segments.
	<i>o/w volume change</i>	-	-	-1%	
	Operating income	<b>670</b>	434	+54.4%	
	Operating margin	<b>18.3%</b>	13.5%	+4.8 pts	
<b>GROUP</b>	Sales	<b>14,079</b>	13,289	+5.9%	
	<i>o/w volume change</i>	-	-	-3.7%	
	Operating income	<b>1,704</b>	1,530	+11.4%	
	Operating margin	<b>12.1%</b>	11.5%	+0.6 pts	

# Free cash flow before acquisitions of €922m driven by tight business steering EBITDA up to €2.6bn, or 18.8% of sales

## FREE CASH FLOW<sup>(1)</sup>

(in € millions)

<b>Segment EBITDA</b>	<b>2,643</b>
Change in net working capital	(221)
Tax and interest paid	(449)
Capex cash-out	(1,125)
Non-recurring	(134)
JV & associates net financing	181
Other	27
<b>Free cash flow excl. M&amp;A</b>	<b>922</b>
M&A	(152)
<b>Free cash flow</b>	<b>770</b>

## HIGHLIGHTS

### EBITDA

- €204m increase vs H1 22, driven by €174m increase in segment operating income

### WORKING CAPITAL

- c.€300m of cash collected in Q1 23 from Q4 22 due to year-end timing effect
- Tight inventory management with June 23 volumes close to Dec 22 level, on softening valuation

### CAPEX

- On track to reach c.€2.2bn full-year target

### JV & ASSOCIATES

- c.€250m cash collected from TBC: shareholder loan reimbursement + divestment proceeds from company-owned retail network to Mavis

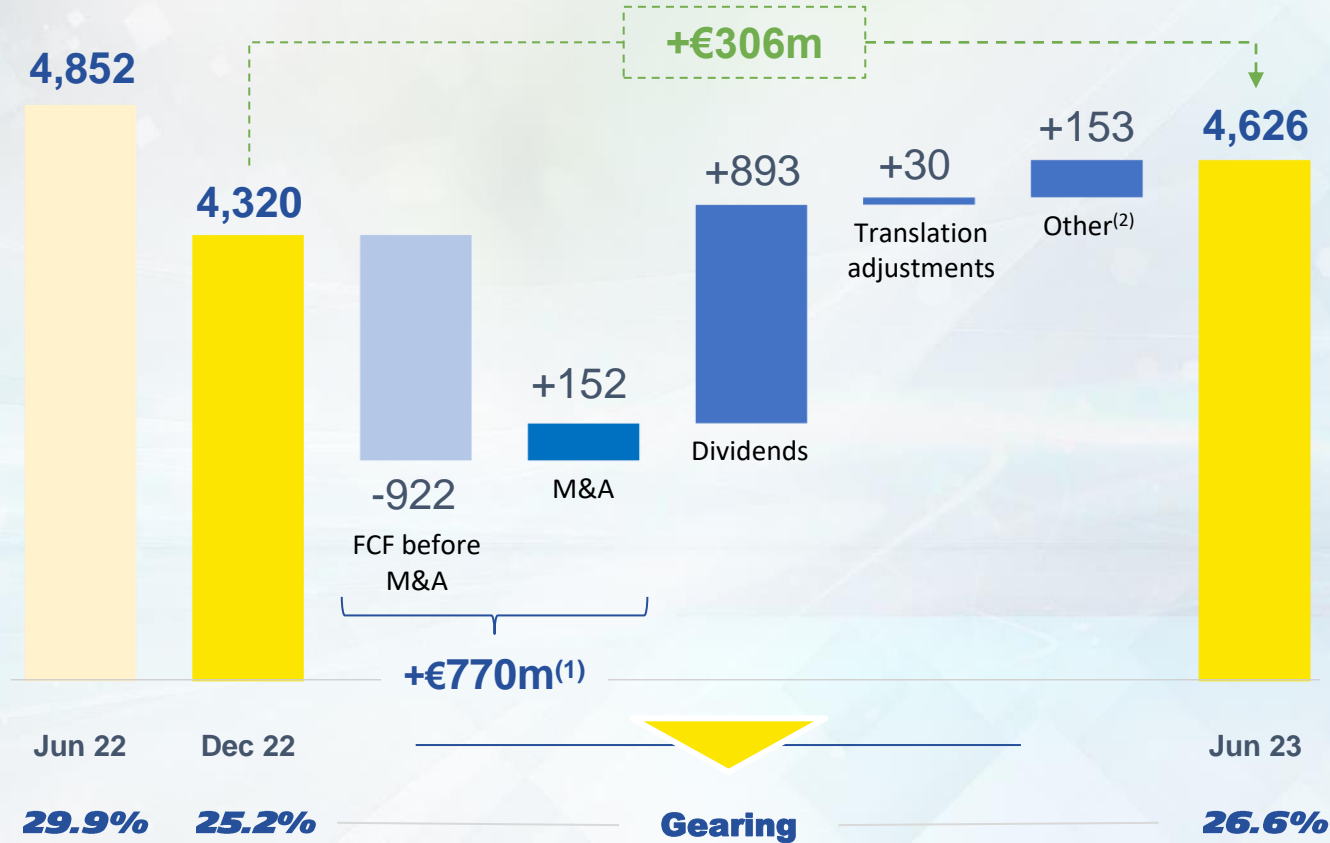
<sup>(1)</sup> Definition: see slide 71





# Enhanced financial position, 26.6% gearing reduced vs June 2022

## NET DEBT (in € millions)



## AGENCY RATINGS AT JUNE 30, 2023 Compagnie Générale des Établissements Michelin

	S&P	FITCH	MOODY'S <sup>(3)</sup>
Short Term	A-2	F2	-
Long Term	A-	A-	A3
Outlook	Stable		

<sup>(1)</sup> Free cash flow

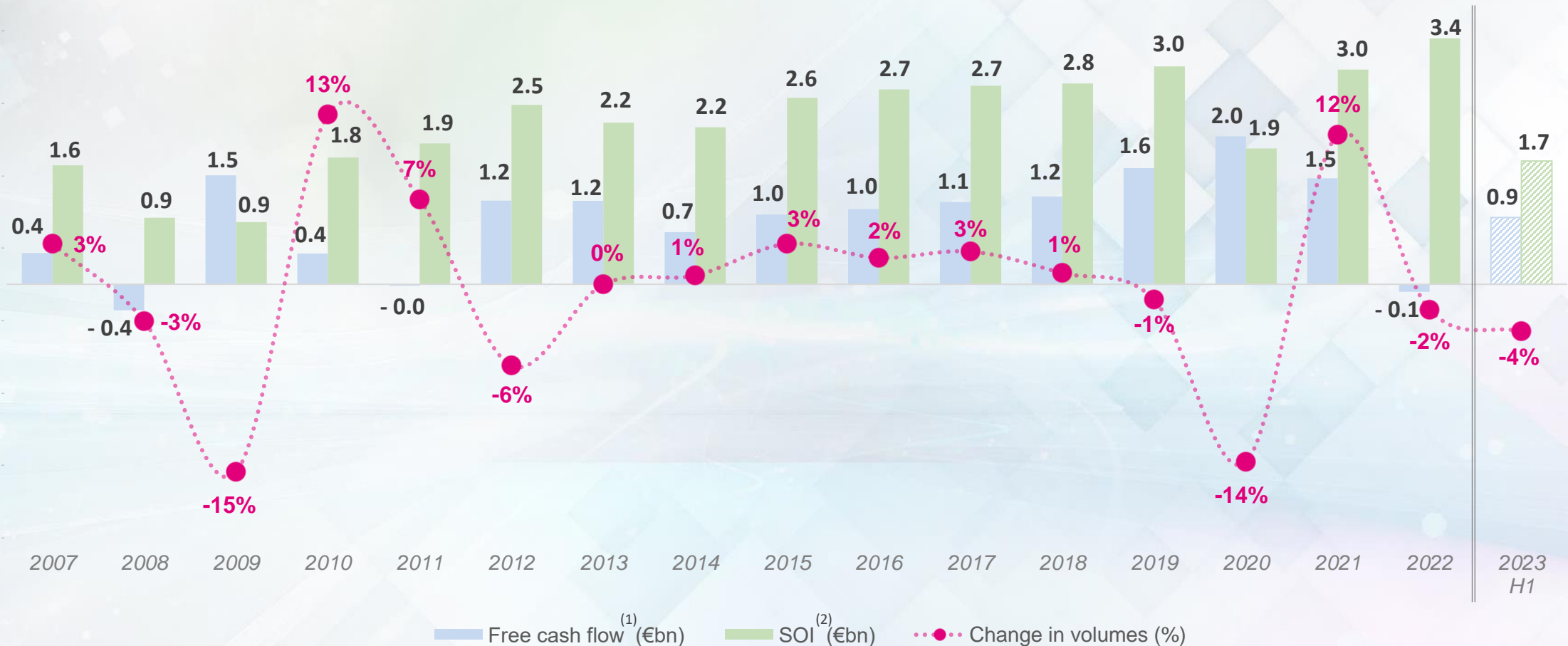
<sup>(2)</sup> Including new leases

<sup>(3)</sup> Moody's rating is not solicited since July 2020



# Demonstrated ability to increase cash and margin generation across business cycles

## FCF <sup>(1)</sup> AND SOI <sup>(2)</sup> EVOLUTION vs. CHANGE IN VOLUMES



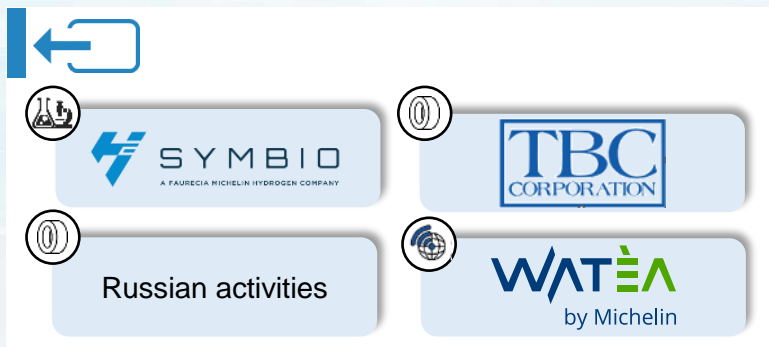
(1) Reported Free cash flow, excluding M&A

(2) Segment operating income



# M&A active portfolio management with three major steps in H1 2023, reflecting *Michelin in Motion 2030* strategy

## H1 2023 MAIN DEALS



Tire



Services to fleet



High-Tech Materials

## ZOOM ON 3 MAJORS STEPS



**TBC to sell its retail activities to increase profitability**

- 2018: 50/50 JV set up with Sumitomo Corp
- 2018-23: strong cash generation, with \$400m shareholder loans reimbursed
- 2023: divesting from company-owned retail to focus on wholesale and franchise



**Stellantis to acquire 33% aside Michelin and Faurecia**

- 2019: 50/50 JV set up with Faurecia
- 2023: building up new assembling capacities
  - Giga factory in France (Saint-Fons)
  - 1<sup>st</sup> production line in the US (California)
  - Saint-Fons capacity: 2026: 50,000 / year  
2028: 100,000 / year



**Michelin to acquire FCG (1) to create a leader in Engineered fabrics & films**

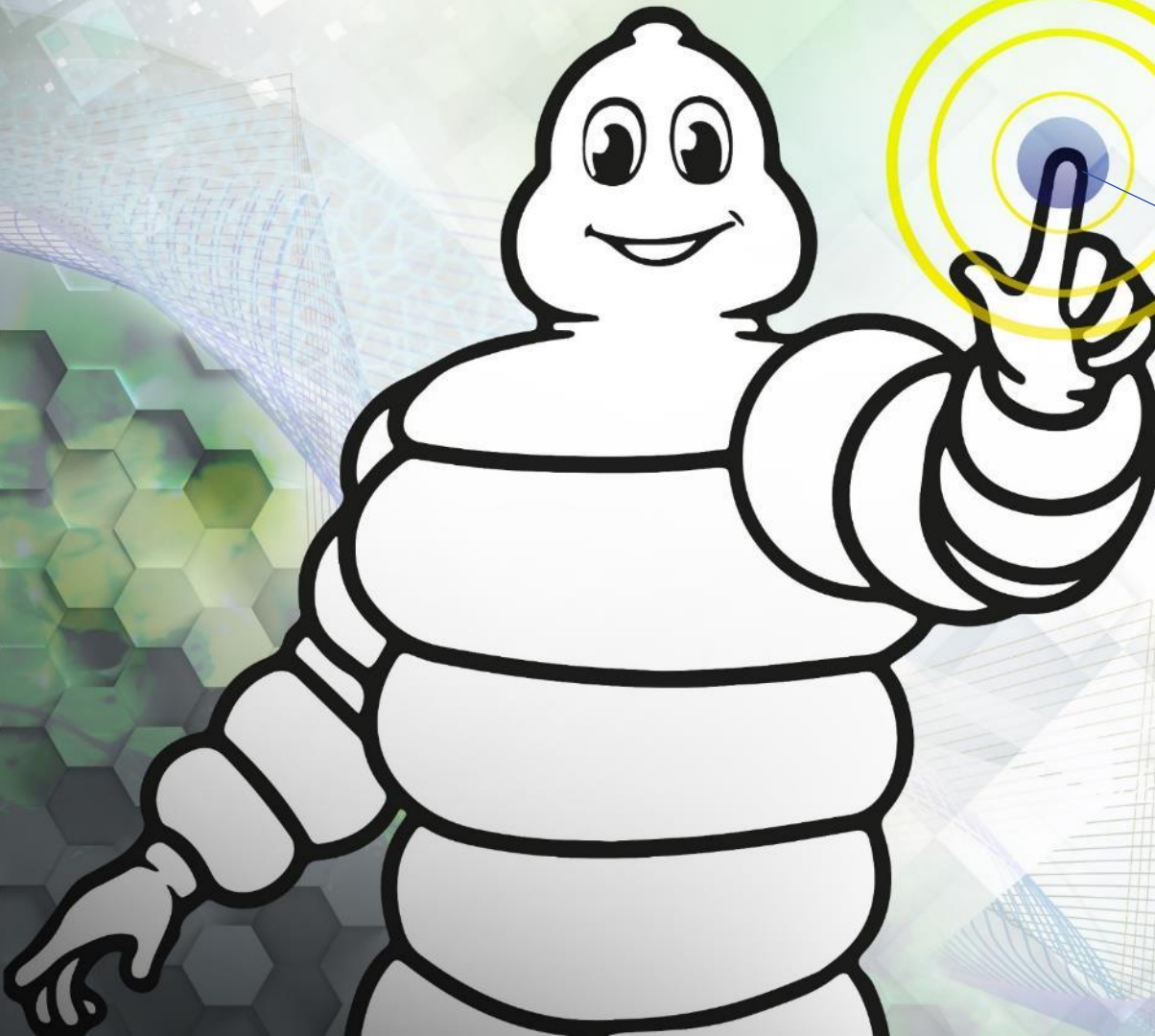
- 20% increase of High-tech materials revenues to €1.3bn (FY22 pro-forma)
- Improved Michelin growth profile, margin accretive, positive cash generation and favorable impact on EPS
- Positioning the Group as a key player in polymer composite solutions

(1) Subject to closing adjustments and merger control clearances in relevant jurisdictions





*2023  
GUIDANCE*



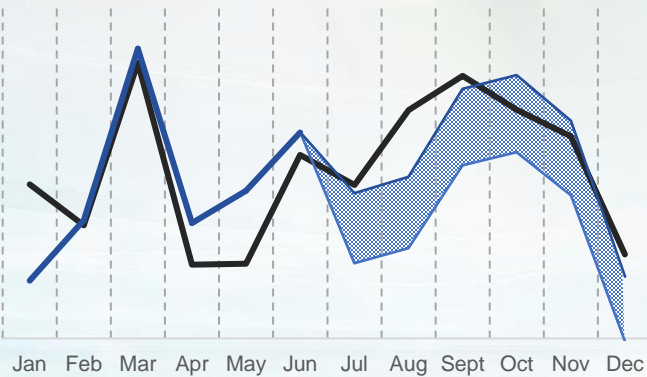
# 2023 FY markets scenario: reduced ranges in a destocking context in Truck, in a lesser extent in PC/LT



## PASSENGER CAR / LIGHT TRUCK

**-3%/0%**

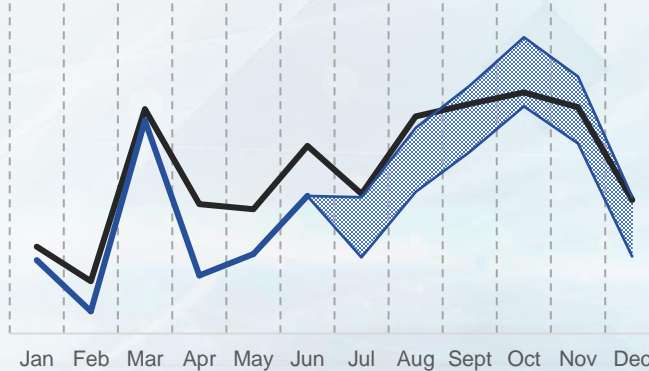
Previously: -2%/+2%



## TRUCK excl. China

**-4%/-1%**

Previously: -2%/+2%



## SPECIALTIES

**-1%/+2%**

Previously: -1%/+3%



**Mining tires:** strong demand expected to hold, on high comparatives along H2 23



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



**Two-wheel tires:** decreasing demand, high inventories levels mainly bicycle



**Aircraft tires:** growth, with commercial demand recovering pre-covid levels

**OE:** H1 23 growth to revert in H2 on higher basis of comparison, mainly in China

**RT:** H2 23 back to normative seasonality, with very high basis of comparison

**OE:** demand remains robust, with full order books of OEMs until Q3

**RT:** soft *sell-in* demand with destocking actions foreseen at least until end of Q3, in a context of economic uncertainty



## 2023 Group scenario & guidance

SCENARIO

Volumes

**UPDATED****PREVIOUS**

[ -4% ; -2% ]

[ -4% ; -0% ]

Cost inflation

raw materials, transportation, energy, labor

**c.€0.2bn**

[ €0.4bn ; €0.9bn ]

Net price-mix vs. cost inflation factors

**Positive**

Slightly positive

Cash-out capex

**c.€2.2bn**

[ €2.2bn ; €2.4bn ]

GUIDANCE

Segment operating income  
at constant FX vs 2022

**> €3.4bn**

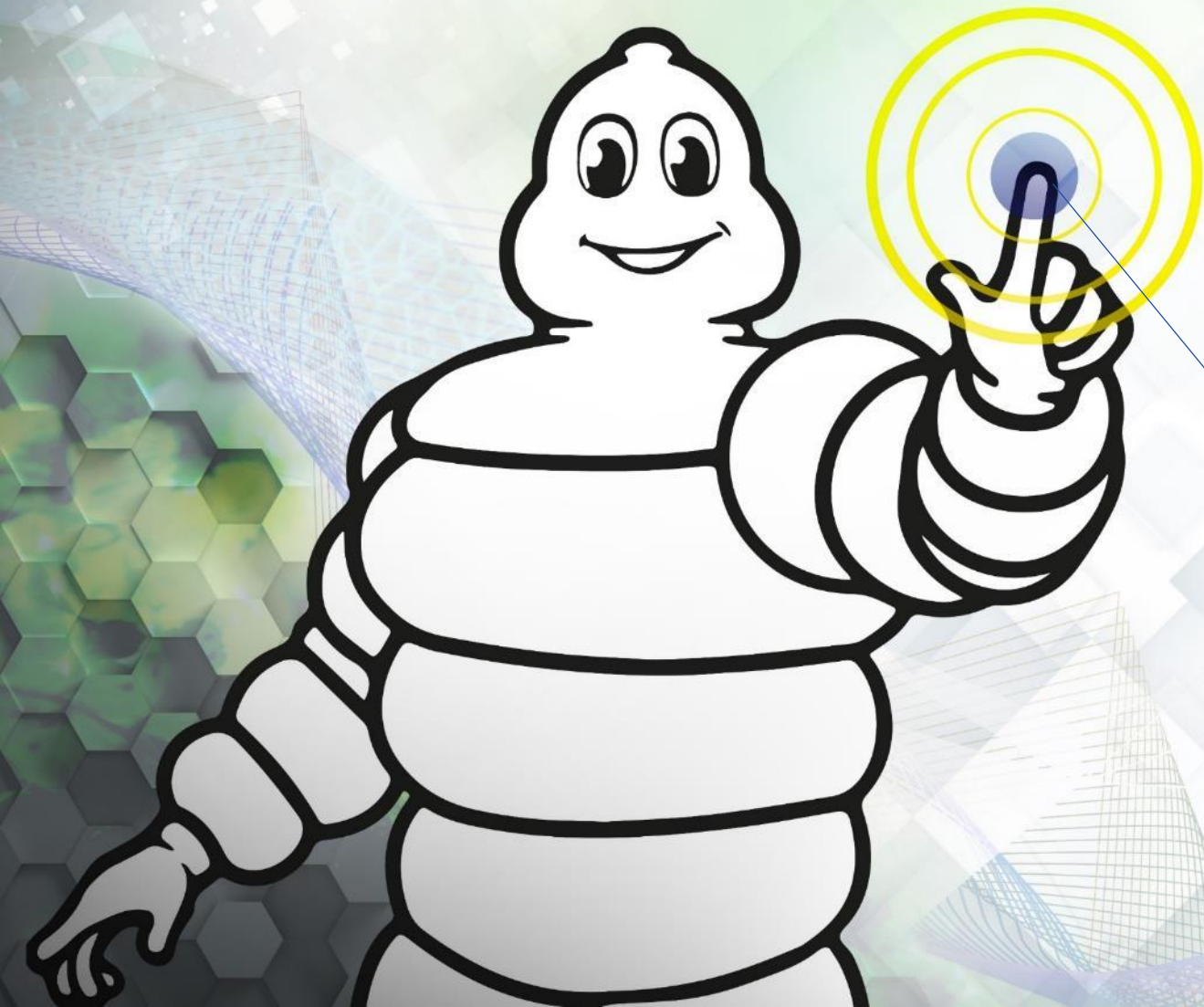
&gt; €3.2bn

Free cash flow  
excl. M&A

**> €2.0bn**

&gt; €1.6bn





# *APPENDIX*





**2023**



***Q3 SALES***

**OCT. 24, 2023 \***

***FULL YEAR 2023***

**FEB. 12, 2024 \***

\* After close of trading



## Reported H1 23 and 22 financial highlights

(in € millions)

	<b>H1 2023</b>	<b>H1 2022</b>
Sales	<b>14,079</b>	13,289
Segment EBITDA	<b>2,643</b>	2,439
Segment EBITDA margin	<b>18.8%</b>	18.4%
Segment operating income	<b>1,704</b>	1,530
Segment operating margin	<b>12.1%</b>	11.5%
Other operating income and expenses	<b>(90)</b>	(273)
Net income	<b>1,220</b>	843
Basic earnings per share (in €)	<b>1.70</b>	1.18
Capital expenditures outlay	<b>1,125</b>	980
Free cash flow*	<b>922</b>	-1,014
Gearing	<b>26.6%</b>	29.9%

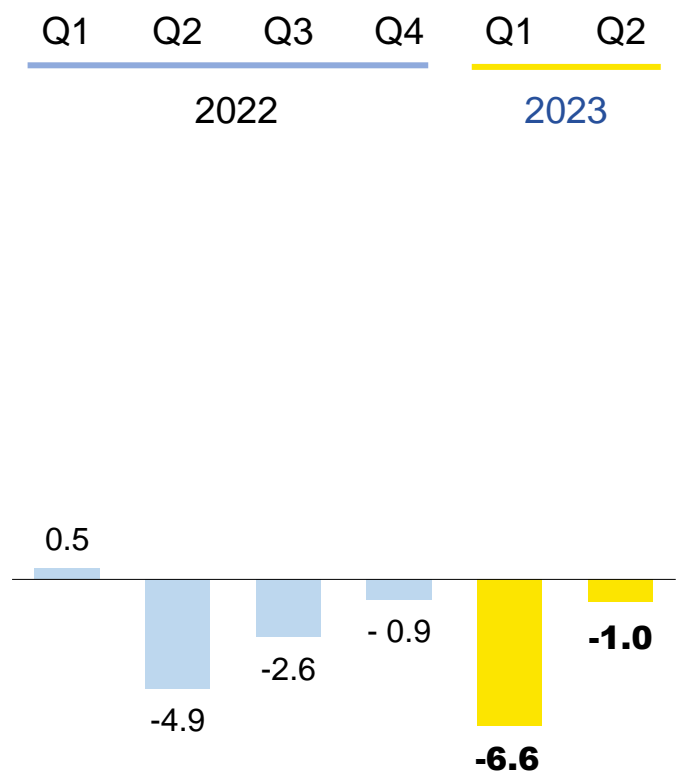
\* Definition: see slide 71



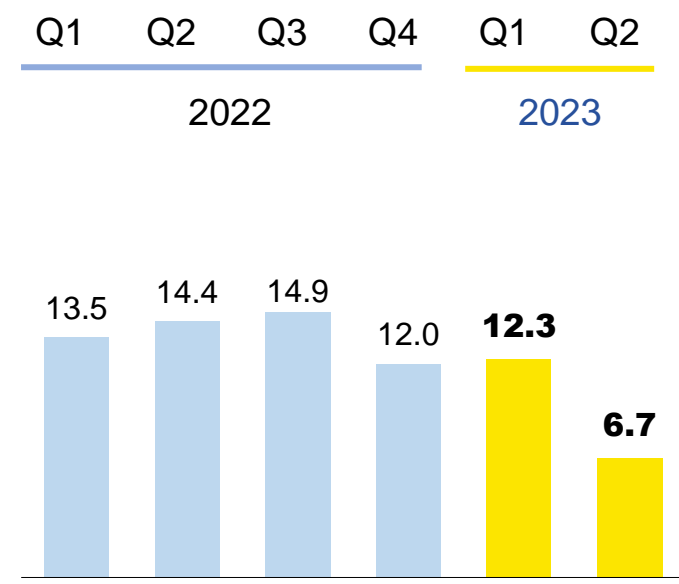
# Firm pricing discipline pulling H1 2023 sales, despite low volumes

## YOY QUARTERLY CHANGE (in %)

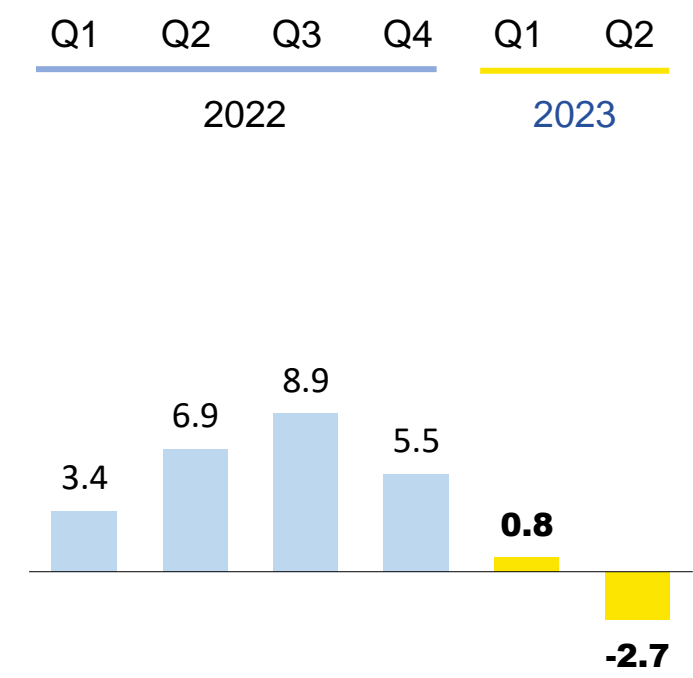
### VOLUMES



### PRICE-MIX



### CURRENCY

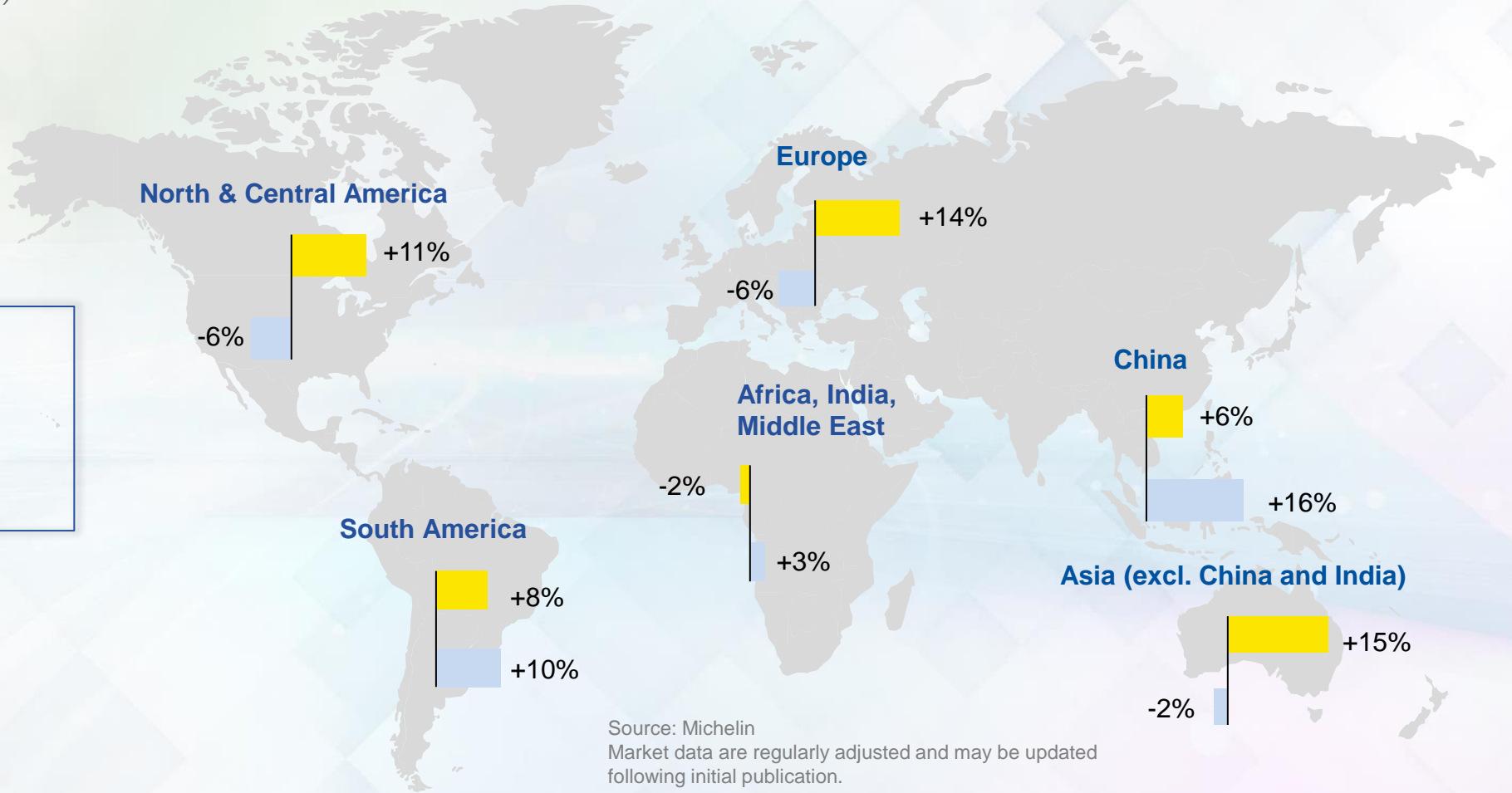
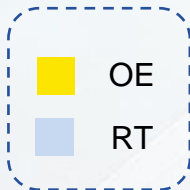
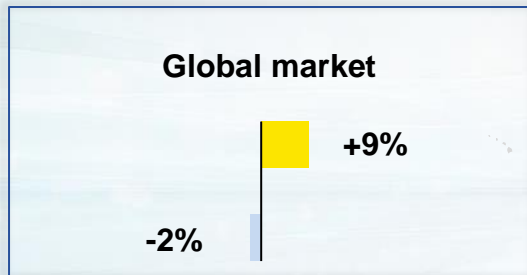




# PC/LT markets: OE slightly up driven by supply chains ease, but RT down on unfavorable basis of comparison and destocking actions in Q1 2023

## PC/LT TIRE MARKET, H1 2023

(% change YoY in number of tires)



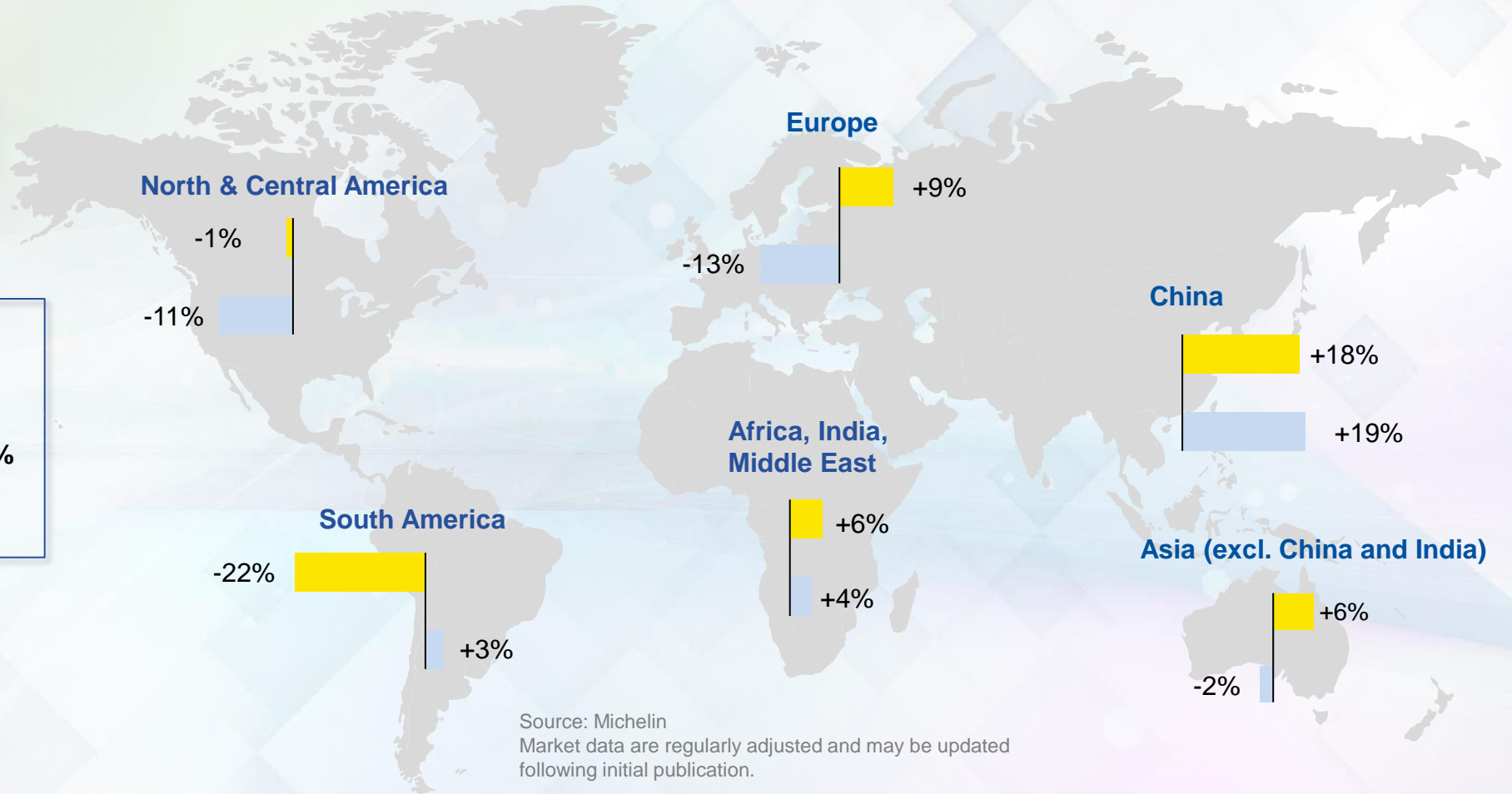
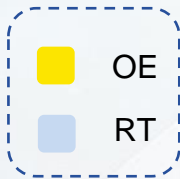
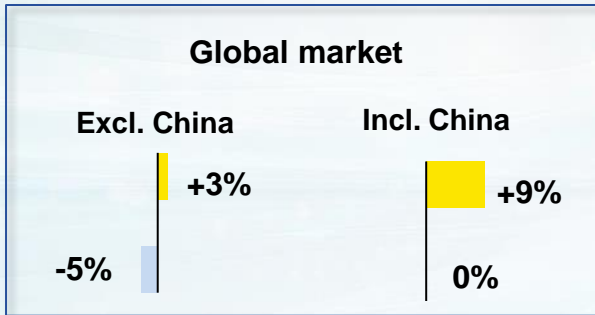
Source: Michelin  
Market data are regularly adjusted and may be updated following initial publication.



# Truck tire markets: dynamic OE with orders books still full, but RT decrease (excl. China) driven by supply chains normalization and destocking actions from distribution

## TRUCK TIRE MARKET, H1 2023

(% change YoY in number of tires)



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



## Shareholder return policy : pay-out gradually increasing towards 50% target

### PER SHARE DATA <sup>(1)</sup>

(in €)

	2018	2019	2020	2021	2022	Target <sup>(5)</sup> @CMD21
<b>DIVIDEND</b>	0.93	0.50	0.58	1.13	1.25 <sup>(4)</sup>	
<b>NET INCOME</b> BASIC	2.33	2.42	0.88	2.58	2.81	
<b>PAY-OUT RATIO</b> <sup>(2)</sup>	40%	21%	65%	44%	44%	50%
<b>RETURN</b> <sup>(3)</sup>	4.3%	1.8%	2.2%	3.1%	4.8%	

### DIVIDEND POLICY

- Payout ratio gradually raised towards 50% in 2030
- Pay-out calculated on reported net income

### SHARE BUY-BACK POLICY

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

(1) Data prior to 2022 restated for the 4-for-1 stock split of June 2022

(2) Dividend / Net income

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

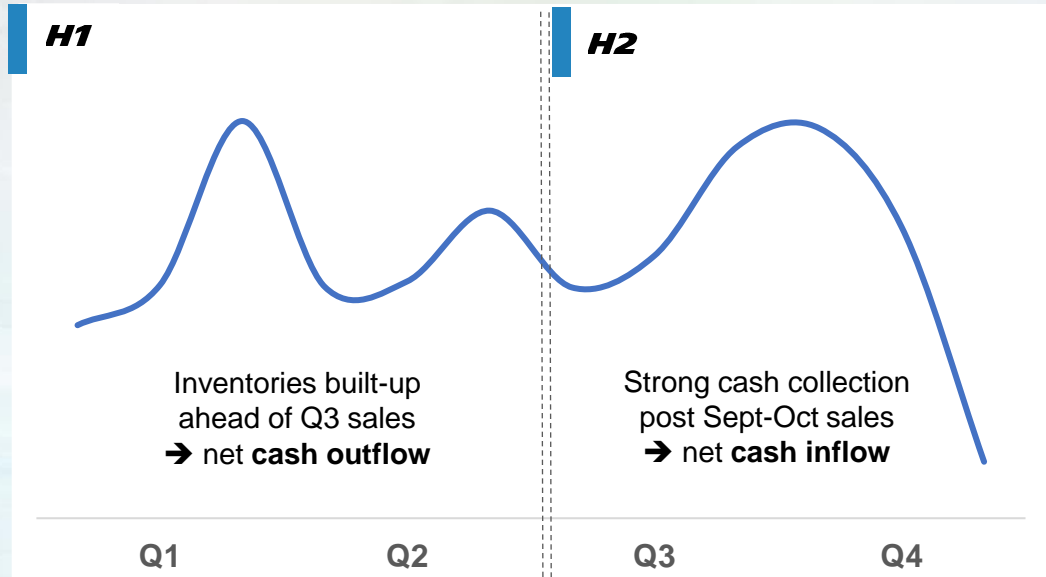
(4) Approved by 2023 AGM on May 12, 2023

(5) Target set on net income before non-recurring items

# Seasonality of free cash-flow within the year: net consumption in H1, net collection in H2

## SALES PROFILE WITHIN THE YEAR DRIVES CASH FLOWS

5-year average, from 2015 to 2019 (volumes)



**+** Main additional cash outflow drivers

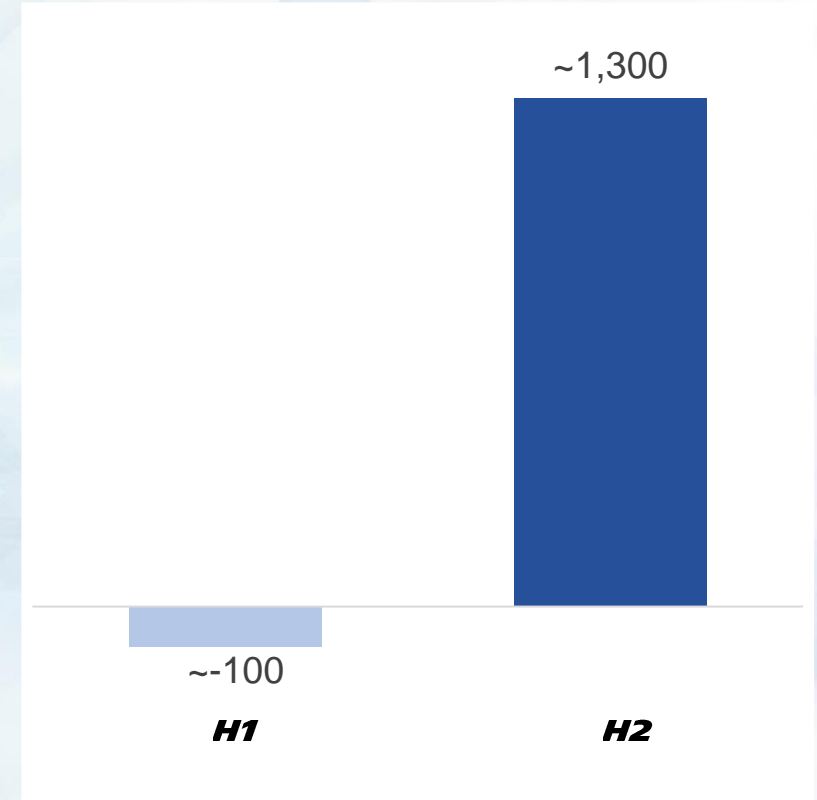
Employees bonus payment

Capex Cash-out

Capex Cash-out

## REPORTED FCF BEFORE M&A, BY SEMESTER

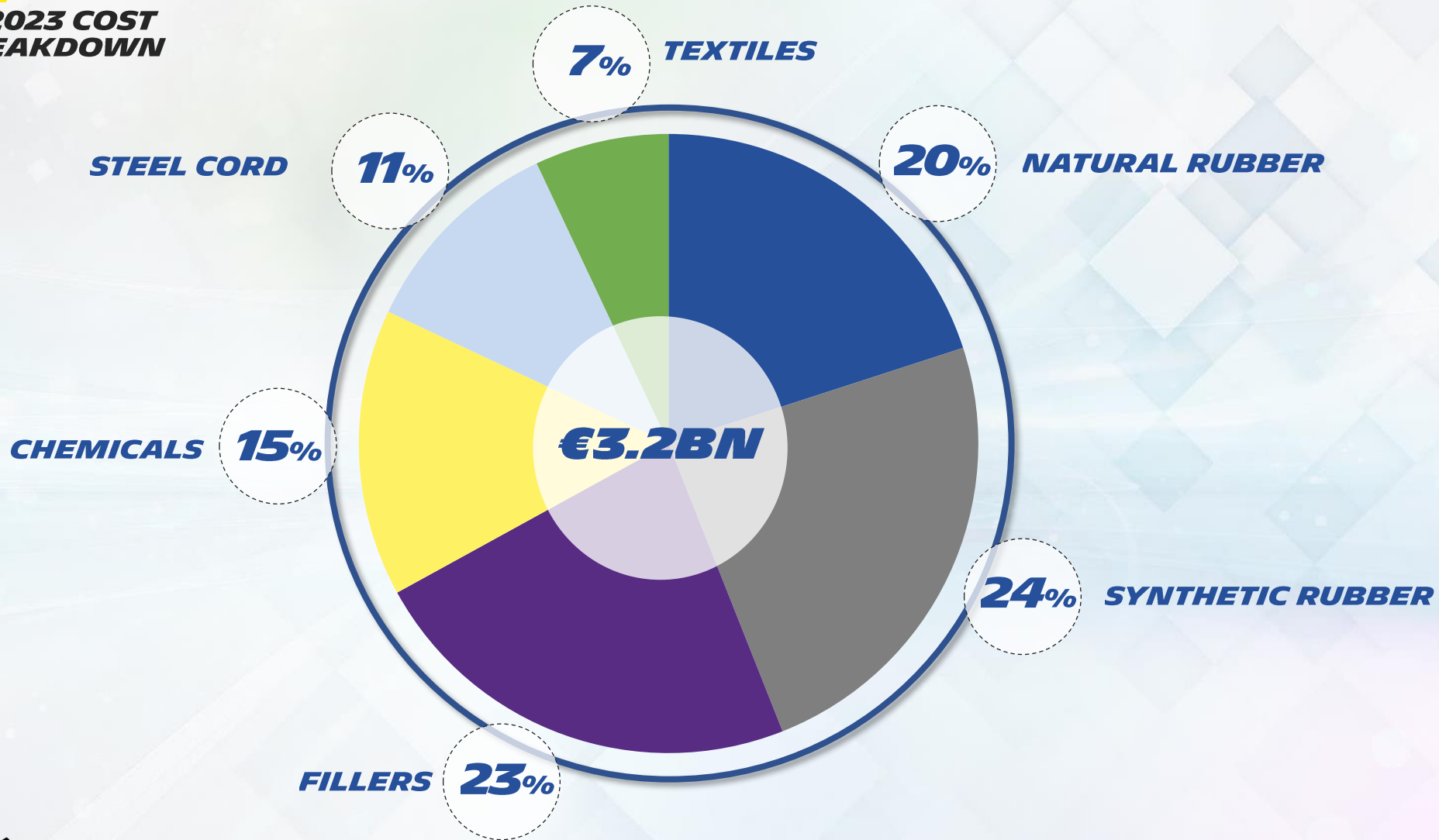
5-year average, from 2015 to 2019 (€ millions)





# Raw materials cost breakdown

**H1 2023 COST BREAKDOWN**  
(in %)



# Natural rubber price

## TSR20 AND RSS3 IN \$/KG



— TSR20      — RSS3

Source: SICOM



# Brent price

**BRENT IN \$/BBL**



# Butadiene price

**BUTADIENE IN €/T**





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

<b>% OF SALES</b> H1 2023 12 month rolling		<b>2023</b> YTD currency change vs. €	<b>DROPTROUGH*</b> <b>SALES → SOI</b>	<b>% OF SALES</b> H1 2023 12 month rolling		<b>2023</b> YTD currency change vs. €	<b>DROPTROUGH*</b> <b>SALES → SOI</b>
<b>USD</b>	40%	+1.3%	25% / 35%	<b>AUD</b>	3%	-4.9%	80% / 85%
<b>EUR</b>	31%	-	-	<b>JPY</b>	1%	-7.9%	80% / 85%
<b>CNY</b>	5%	-5.3%	25% / 30%	<b>MXN</b>	1%	+12.9%	25% / 30%
<b>BRL</b>	4%	+1.0%	-30% / -20%	<b>TRY</b>	1%	-24.1%	80% / 85%
<b>GBP</b>	3%	-4.0%	25% / 30%	<b>THB</b>	1%	-0.2%	-130% / -100%
<b>CAD</b>	3%	-4.5%	25% / 30%	<b>Other</b>	7%	-	-

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

$$\text{Sales} \times 40\% \times 1.3\% \times \sim 30\% = \text{impact on SOI} (\sim +0.2\%)$$

$\underbrace{\hspace{10em}}$   
 impact on sales  
 +0.5%

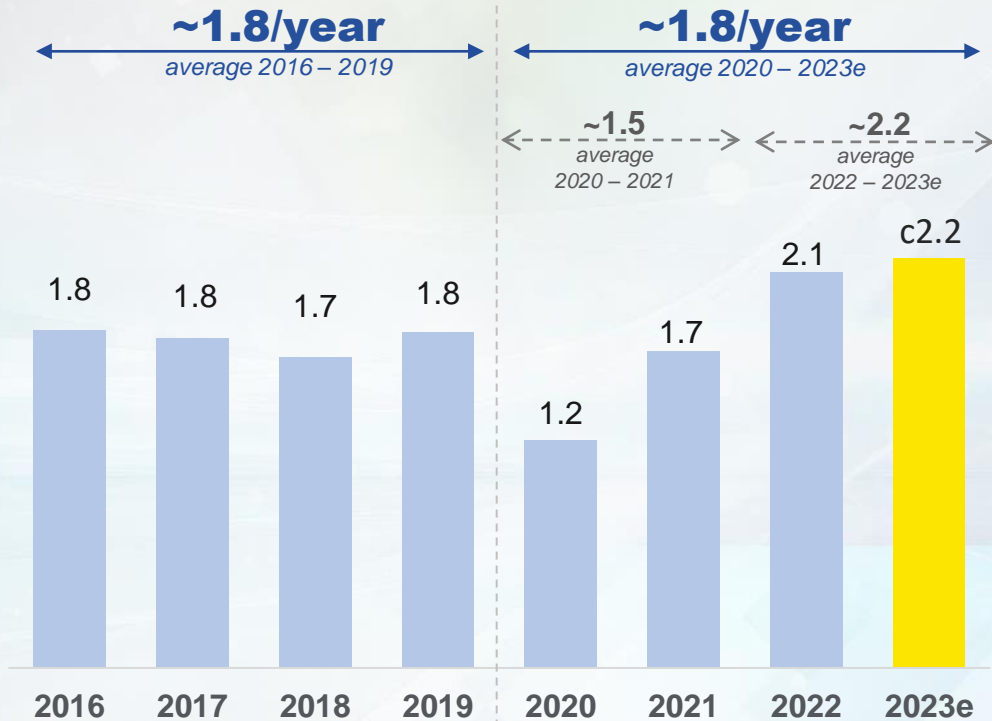
\* Droptrough linked to the export/manufacturing/sales base



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

## COMMITTED AND PLANNED CAPITAL EXPENDITURE<sup>(1)</sup>

(€ billions)



## KEY POINTS

On track to reach c2.2bn capex cash-out in 2023



- Investing in growth segments
- Optimizing routine capex
- Digital manufacturing and competitiveness
- Decarbonation of our operations



- Services and Solutions



- Flexible composites
- Engineered polymers

<sup>(1)</sup> Purchases of intangible assets and PP&E



# Outstanding bond issues

(As of Dec.31, 2022)

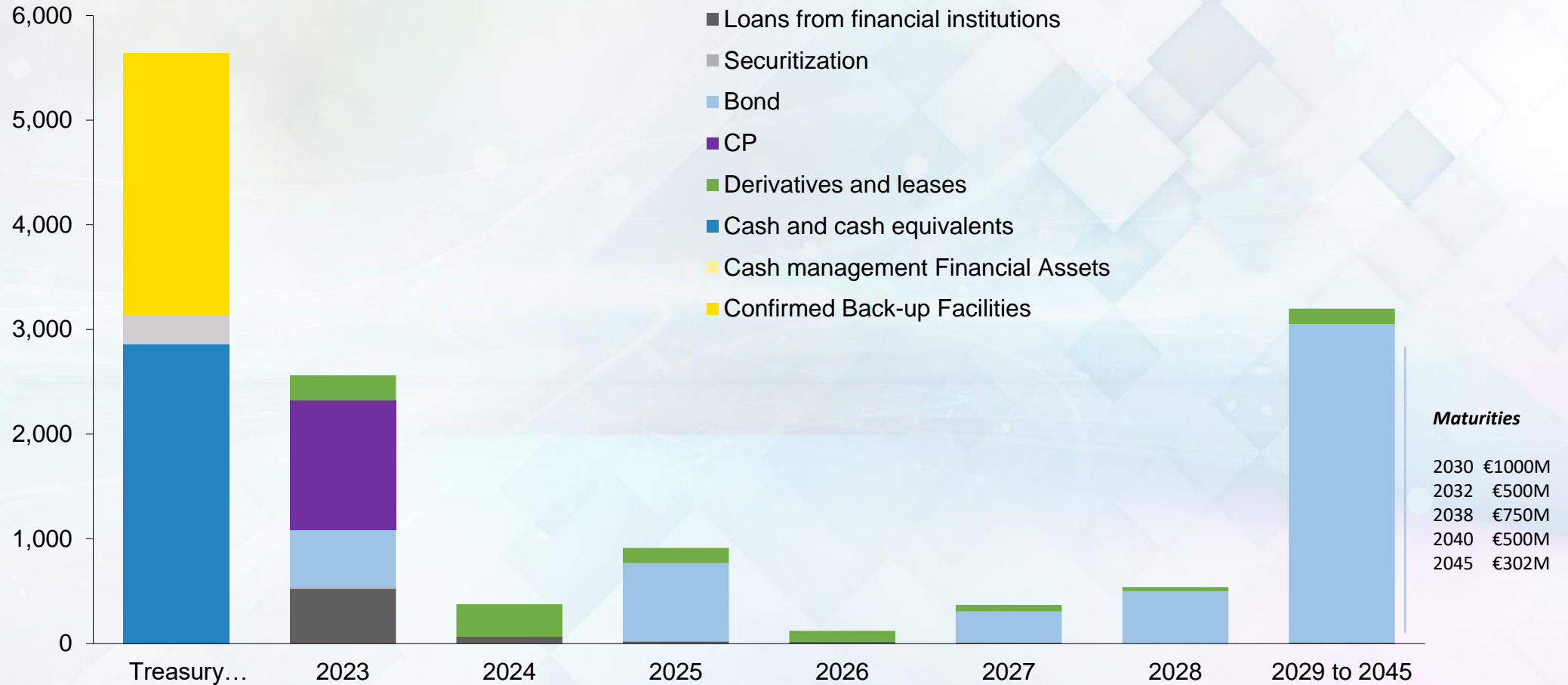
Issuer	Compagnie Générale des Établissements MICHELIN								
<b>Issue Type</b>	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
<b>Principal Amount</b>	<b>\$600m</b>	<b>€750m</b>	<b>€300m</b>	<b>€500m</b>	<b>€1,000m</b>	<b>€500m</b>	<b>€750m</b>	<b>€500m</b>	<b>€302m</b>
<b>Offering price</b>	95.50%	99.10%	99.081%	99.89%	99.262%	99.54%	99.363%	99.46%	98.926%
<b>Corporate rating at Issuance date</b>	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)
<b>Current corporate rating</b>	A- (S&P); A3 (Moody's); A- (Fitch)								
<b>Coupon</b>	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
<b>Issue Date</b>	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
<b>Maturity</b>	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
<b>Interest payment</b>	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
<b>ISIN</b>	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
<b>Denomination</b>	\$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 JUNE 30, 2022

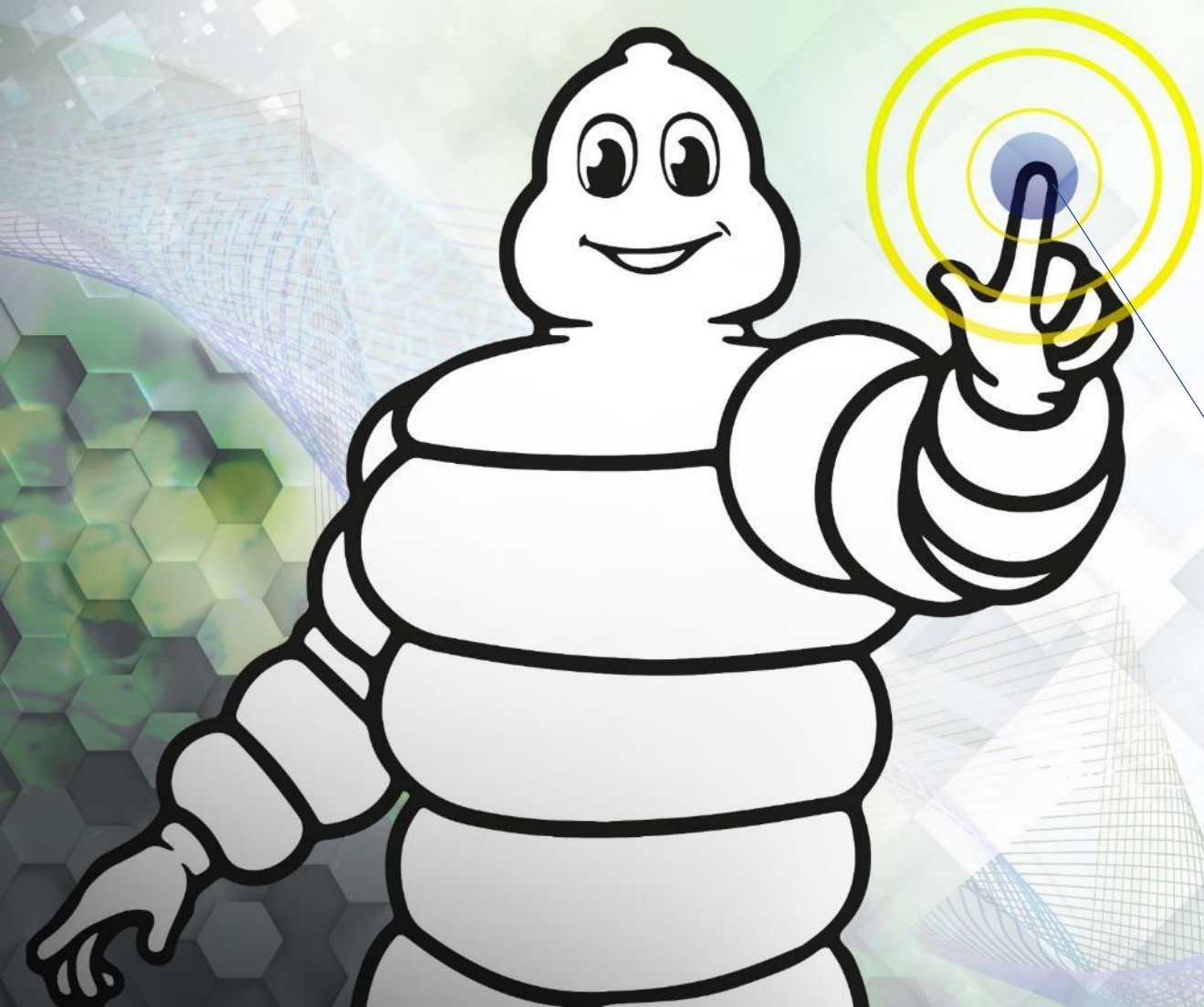
(carrying amount in € millions)





MICHELIN TO ACQUIRE FLEX COMPOSITE  
GROUP FROM IDI

CREATE A LEADER  
IN HIGH-TECH  
**ENGINEERED FABRICS  
AND FILMS**



## Transaction overview

### FLEX COMPOSITE GROUP AT A GLANCE

A European leader in high-tech Engineered Fabrics & Films  
EUR 202 million revenue in 2022, +11% organic revenue CAGR 2015-2022  
[25-30%] EBITDA margin

### TRANSACTION METRICS

EUR 700 million Enterprise Value  
EUR 21 million annual run-rate EBIT synergies by year 5  
9.0x EV / EBITDA multiple post synergies

### ACCRETIVE MOVE

Michelin's High-Tech Materials revenues up by c.20%, in line with 2030 ambition  
Enhanced growth profile, EBIT-margin and EPS accretive from year 1  
Positive cash generation

### FINANCING

100% available cash  
Limited impact on Group leverage: 29% Gearing post-transaction vs 25% today

### NEXT STEPS

Closing expected by end of Q3 2023, subject to closing adjustments and merger control clearances in relevant jurisdictions



# Flex Composite Group – FCG, a European leader in engineered fabrics & films

## FCG KEY FIGURES

**€ 202m**  
revenue in 2022

**11%**  
organic revenue  
CAGR 15-22A

**[25-30%]**  
EBITDA margin

**400**  
employees, including  
c.10% dedicated to R&D

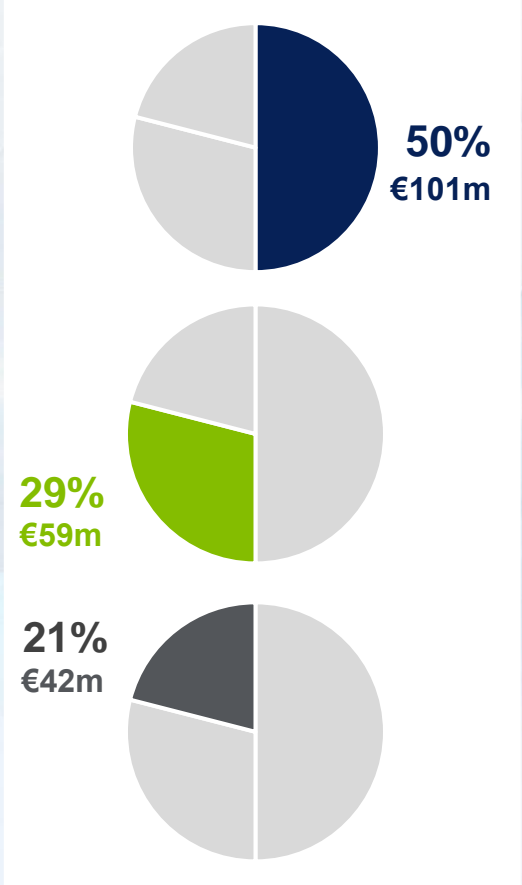
## 3 PRODUCTS CATEGORIES

**Resin impregnated fabrics**

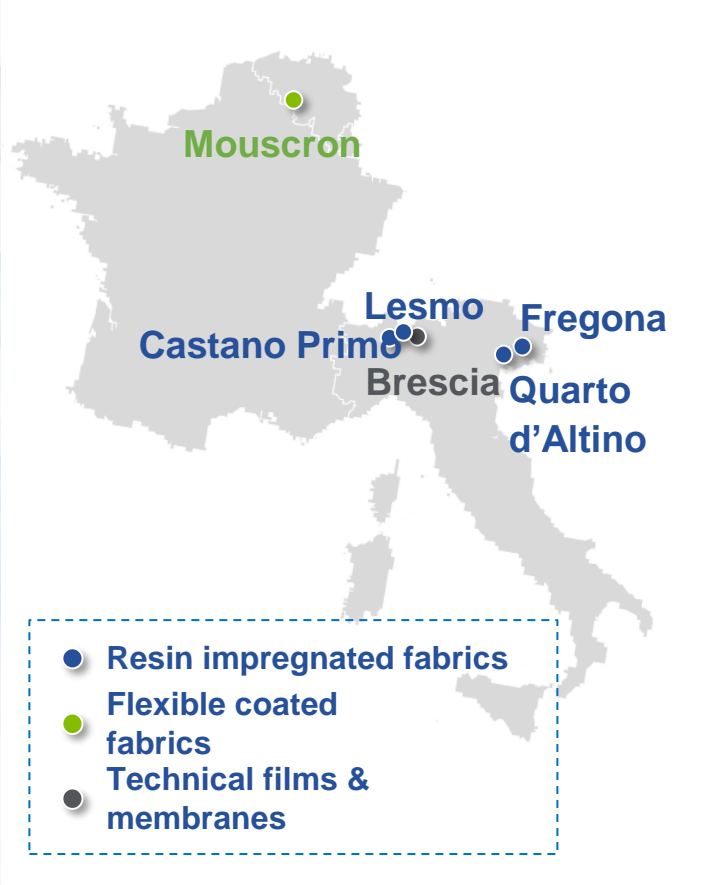
**Flexible coated fabrics**

**Technical films & membranes**

## 2022 REVENUE SPLIT







## 6 PLANTS IN EUROPE





# Strong growth prospects through multiple dynamic end-markets

Main end-markets	Activities	Market Growth <sup>(1)</sup> 2022-27E	Fundamental growth drivers
 <b>Marine</b> (leisure & pro)	<b>Flexible coated fabrics</b> <b>Resin impregnated fabrics</b>	<b>High-single digit</b>	<ul style="list-style-type: none"> <li>● Continued growth of recreational boats and penetration gains for RIBs<sup>(2)</sup></li> <li>● Increasing carbon composites demand within top class yachts and sailboats design</li> </ul>
 <b>Sports cars, Supercars &amp; Electric cars</b>	<b>Resin impregnated fabrics</b>	<b>Double digit</b>	<ul style="list-style-type: none"> <li>● Electrification transition in the automotive sector</li> <li>● Dynamism of sports cars and supercars segments</li> </ul>
 <b>Technical Apparel</b>	<b>Technical films &amp; membranes</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>● Increasing technical requirements, new customer behaviours post covid and development of extreme sports</li> </ul>
 <b>Construction</b>	<b>Resin impregnated fabrics</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>● Increasing composite materials penetration in infrastructure construction and renovation to comply with tightening green regulation in the EU</li> </ul>

(1) Global end-market volume CAGR (third party consulting firm estimate)

(2) Rigid Inflatable Boats



# Unlocking deep-innovation synergies in engineered fabrics & films

## DEEP-INNOVATION CAPABILITIES



Unrivaled innovation ability, from fundamental research to solutions development



Extensive **worldwide** manufacturing expertise



Unique know-how in **performance simulations**



Clear roadmap towards **100% sustainable materials (2050)** with dedicated R&D programs

## MICHELIN'S HIGH-TECH MATERIALS ACTIVITIES

Sealing technologies

Belting solutions

**Engineered fabrics & films**

Engineered polymers



Complementary know-how

**RESIN IMPREGNATED FABRICS**



**FCG**  
FIRST COMPOSITE GROUP



**FLEXIBLE COATED FABRICS**



**FCG**  
FIRST COMPOSITE GROUP



**TECHNICAL FILMS & MEMBRANES**



**FCG**  
FIRST COMPOSITE GROUP



## Run-rate EBIT Synergies of €21 million unlocked by year 5, driven by product mix enrichment and geographic expansion

### REVENUE SYNERGIES

Deep-innovation in materials and processes, leading to increased performance and more sustainable products

Leverage Michelin's footprint to grow in North America

Leverage Michelin's market access in Defense, Aeronautics and high-end Automotive sectors

Cross-selling opportunities from product complementary

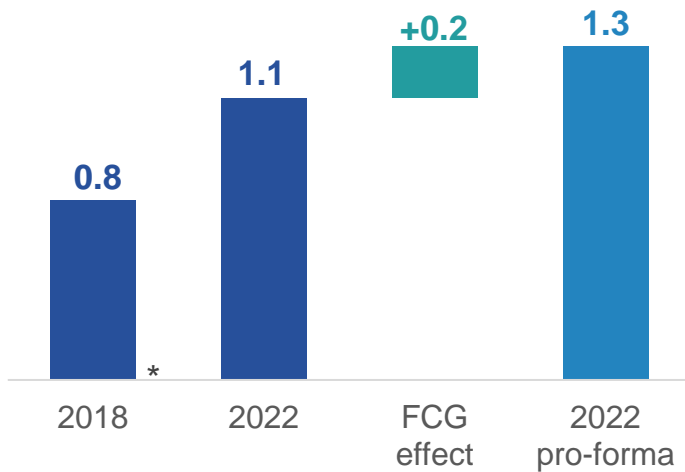
### COST SYNERGIES

Economies of scale in purchasing mostly raw materials

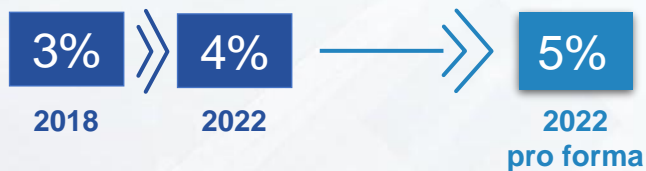
# Create a leader in engineered fabrics & films, with superior financial profile

## MICHELIN'S HIGH-TECH MATERIALS REVENUES UP BY c.20%

(in € bn)

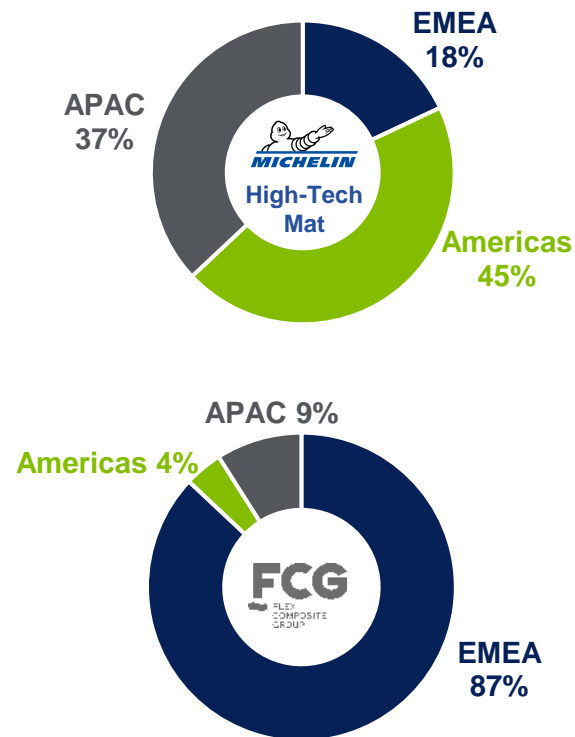


## HIGH-TECH MATERIALS % OF GROUP REVENUES



## OPPORTUNITY TO EXPAND FCG IN NORTH AMERICA

(2022 revenue by geography)



## SUPERIOR FINANCIAL PROFILE

Run-rate EBIT synergies of €21m reached by year 5

High single digit revenue growth prospects

EBIT-margin accretive at Group level and for the Specialty segment

Positive cash conversion from lower capital intensity

EPS accretive from year 1



# Enhanced People, Profit and Planet performance at the heart of future success



## PEOPLE

Access to **more career opportunities**

A leadership model that puts people, **teams and empowerment at the centre of our mindset** and behaviours

**Enhanced skills management**

Strong **people ambitions**:

- be world-class in employee engagement, with **engagement rate > 85%**
- be world-class in employee safety, with **TCIR < 0.5**



## PROFIT

**Increase High-Tech Materials revenue by c.20%**, with high single digit organic growth prospects

**EBIT-margin accretive** acquisition for Specialty segment

**Positive cash conversion** from lower capital intensity

**EPS accretive from year 1**

**Group financial position remains strong** post acquisition: 2022 pro-forma gearing at 29%



## PLANET

**Accelerating R&D** related to the next generation of materials

**Increase bio-sourced and recycled materials** rate in resins, glues and reinforcements

Comprehensive approach to **reduce VOC emissions and solvent usage in coating processes**



## Key takeaways

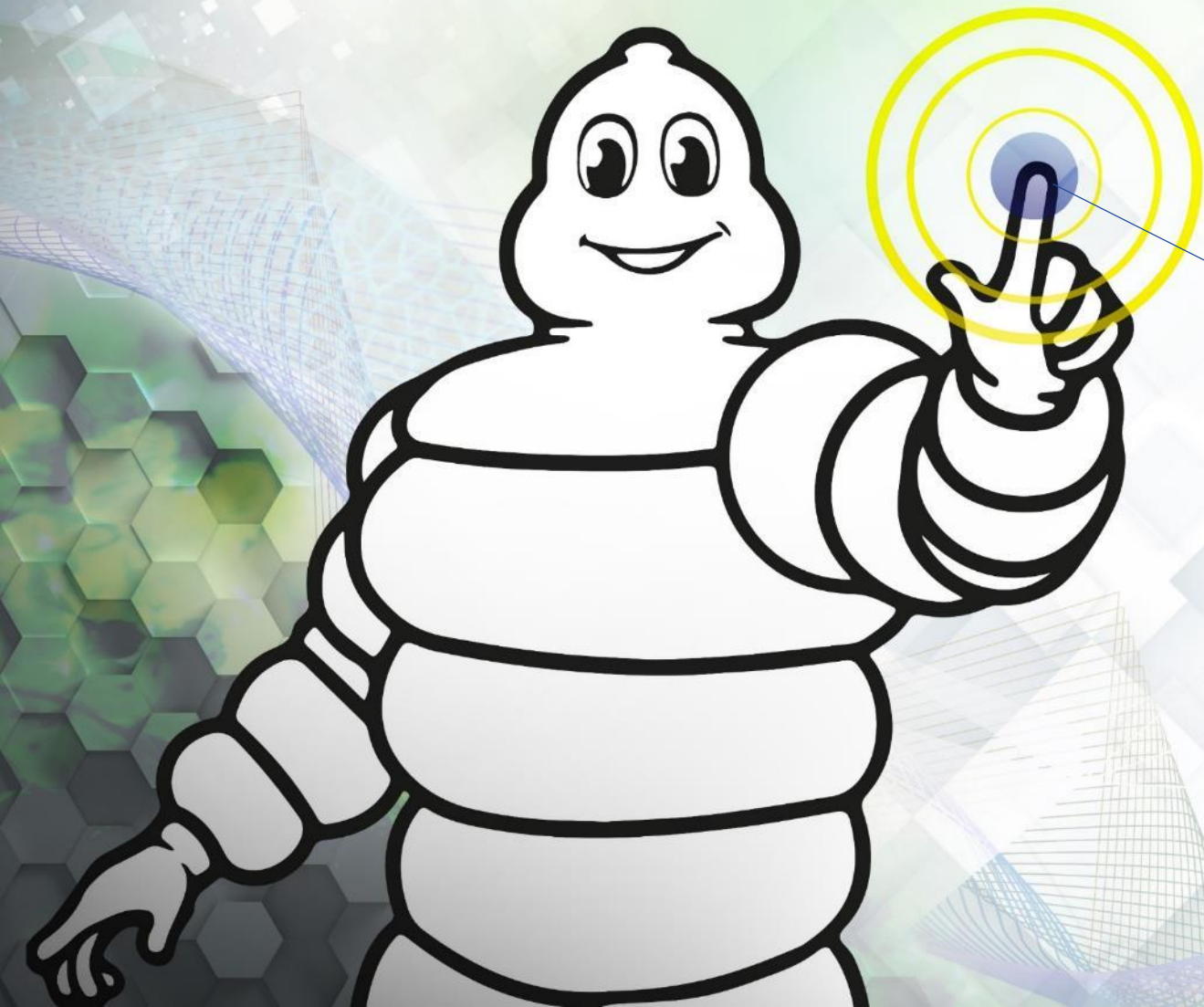
**High-Tech Materials revenue up c.20%, creating a leader in high-tech Engineered Fabrics & Films**

**Important step to develop Michelin beyond mobility, in line with 2030 ambition to position the Group as a key player in polymer composite solutions**

**Unlocking deep-innovation synergies in a broad range of products and applications**

**Enhancing growth profile, EBIT-margin accretive for Group and Specialty segment, positive cash generation and EPS impact**

**Michelin's strong financial position maintained, delivering long-term value for all stakeholders**



# *APPENDIX*

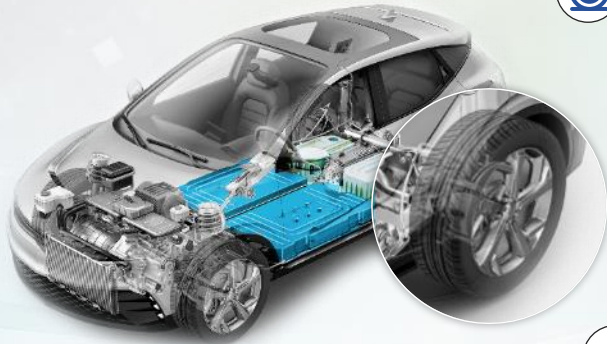
Tire businesses



# Michelin uniquely positioned to leverage vehicle electrification

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

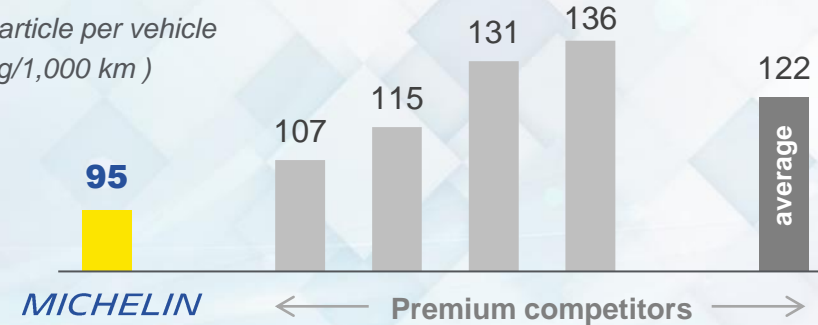
### KEY REQUIREMENTS FOR TIRES



- Low rolling resistance
- Silent architecture
- Low abrasion rate
- High rim capacity
- High load capacity

### MICHELIN: BEST COMBINATION OF PERFORMANCES

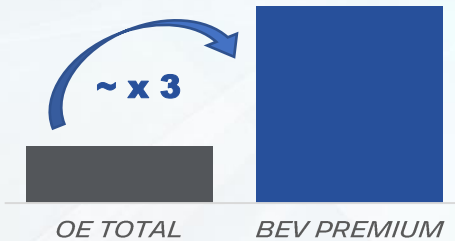
Particle per vehicle (g/1,000 km)



\* source: ADAC, March 2022 - Download the ADAC study

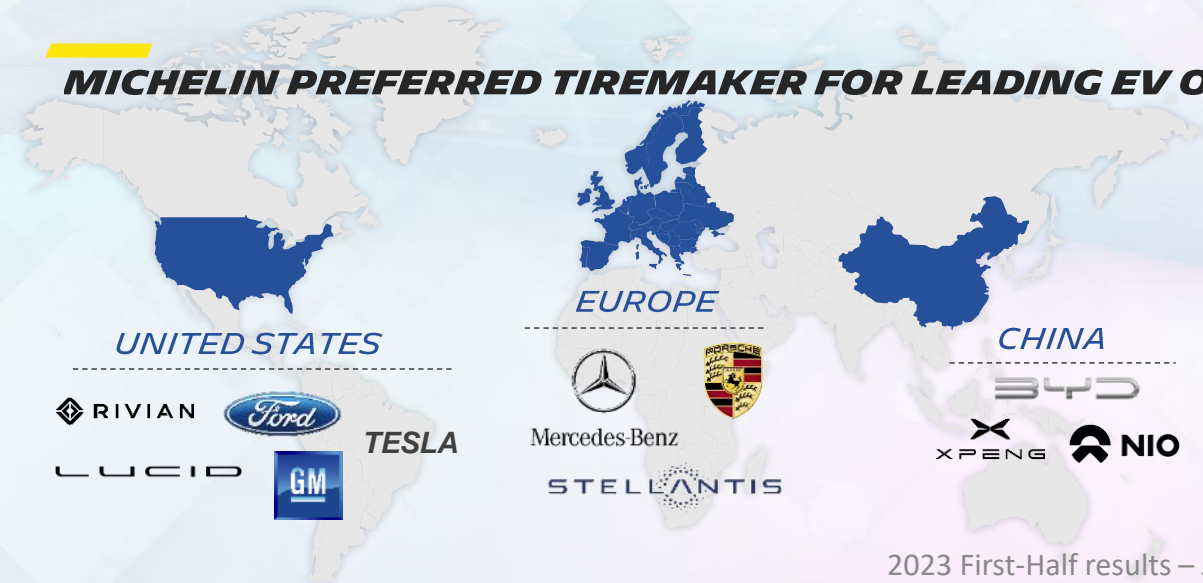
## OVER-INDEXED IN PREMIUM \* BEV

Michelin OE market share



\*Premium: Luxury-Premium and Sport-Passion segments

## MICHELIN PREFERRED TIREFAKER FOR LEADING EV OEMS



2023 First-Half results – July 26, 2023

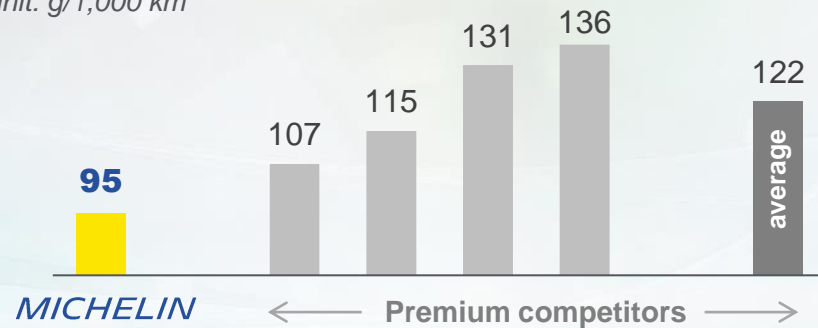




# Wear particles : considerable competitive advantage, without any compromise on safety

## PARTICLE EMISSIONS: MICHELIN VS. OTHER PREMIUM TIREMAKERS <sup>(1)</sup>

Particle per vehicle  
unit: g/1,000 km



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.

[+ Download the ADAC study](#)

(1) Tyre wear particles in the environment, ADAC, March 2022 – 100 sizes tested

(2) DEKRA studies in 2020 (MARK20B, MARK20E) and 2021 (MARK21E)

## PARTICLE EMISSIONS GET REDUCED WITH EACH NEW RANGE <sup>(2)</sup>





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

## SCIENTIFIC STUDIES HAVE STARTED TO MEASURE THE ENVIRONMENTAL IMPACT OF TRWP <sup>(1)</sup>:



**AIR**

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



**WATER**

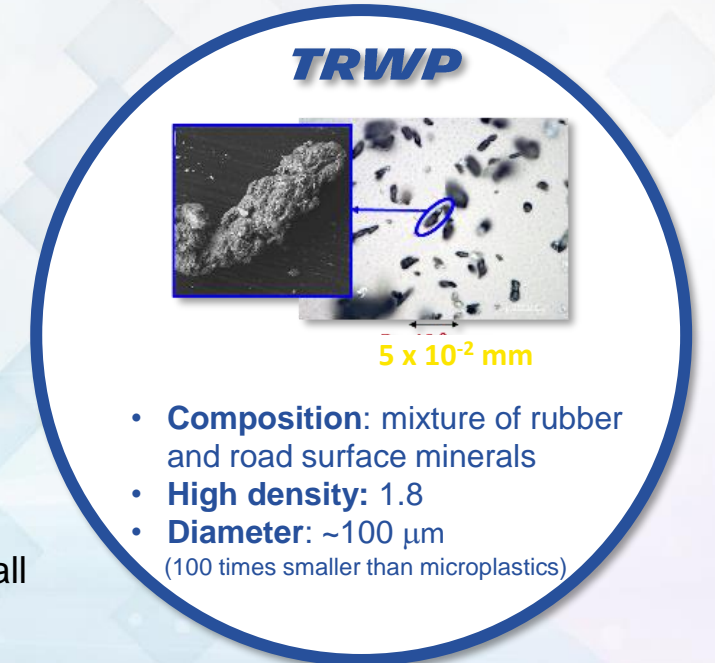
Studies suggest that most TRWP never reach estuaries.

Michelin is strongly in favor of a regulation that would limit the level of wear particle emissions of all tires worldwide → work in progress with ETRMA<sup>(2)</sup> members in order to :

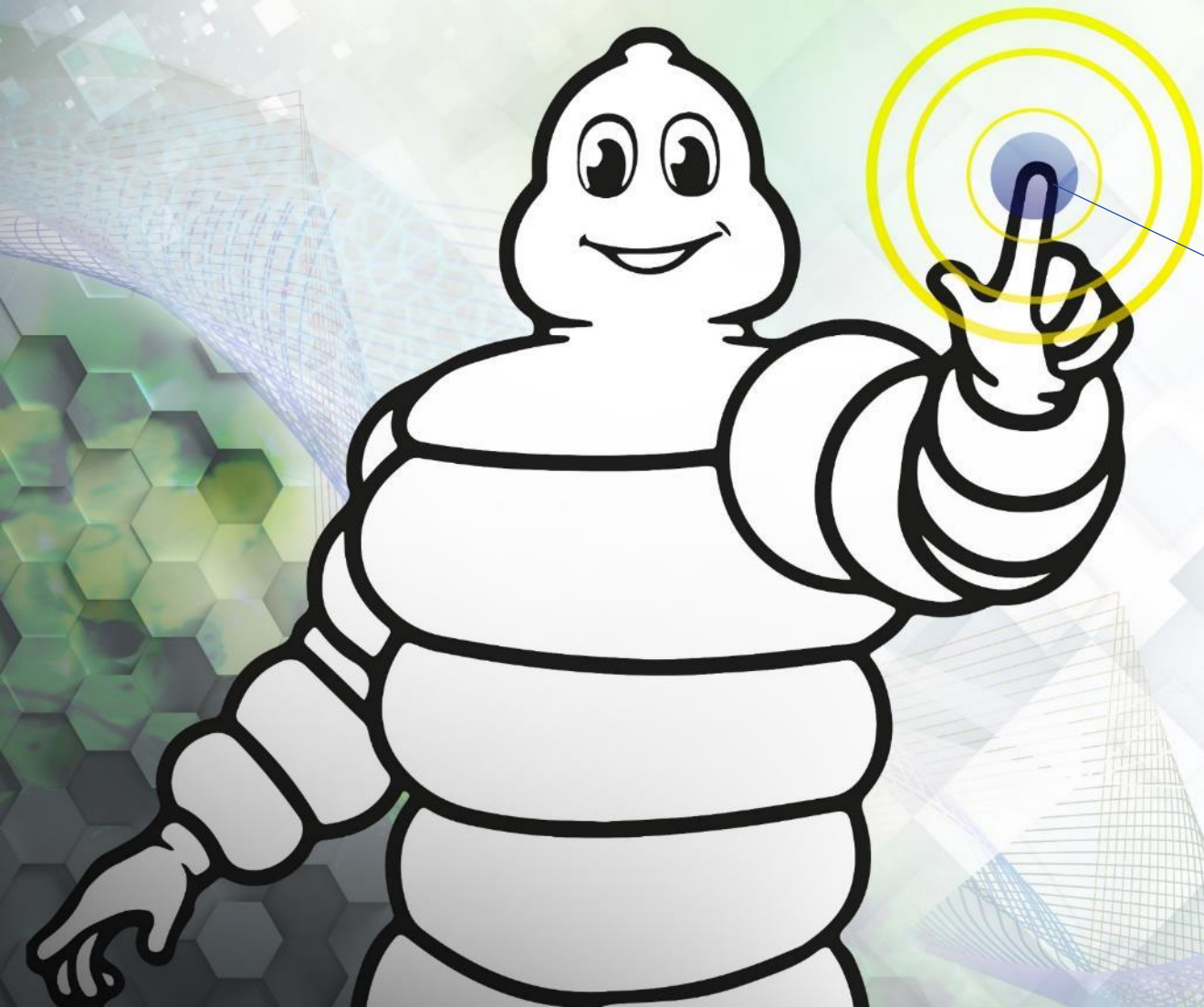
- define a standardized TRWP emission rate test method
- promote a threshold regulation and eliminate the less performing tires from the market.

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

(2) European Tyre & Rubber Manufacturers Association



+ [Download the ADAC study](#)  
*Tyre wear particles in the environment* (March 2022)



# ***APPENDIX***

Services & Solutions



# Services to fleets: a suite of innovative solutions that empower mobility players to race towards zero-accident, zero-downtime, zero-emission

Unique customer intimacy and usage expertise

## MICHELIN CONNECTED FLEET

Actionable insight provider for fleets leading towards zero-accident, zero-downtime, zero-emission



**MICHELIN  
CONNECTED FLEET**

Connected fleet management services



**TaaS**

Tire-as-a-Service

High-value tire outsourcing offer



**MICHELIN  
ONCALL**

24/7 road emergency service



**WATèA**

by Michelin

LCV fleets decarbonation solution



**MICHELIN  
MEMS 4**

Monitoring tool for Mining tyre and usage conditions

## MICHELIN MOBILITY INTELLIGENCE

Decision levers provider for public and private sector to make mobility safer, better and smarter.



**SAFER  
ROADS**

Save lives



**BETTER  
ROADS**

Optimize road maintenance



**MICHELIN  
MOBILITY DATA**

Monetize Michelin's high value mobility data outside

**TRUCKFLY**  
by Michelin

First and unique European truck driver's community

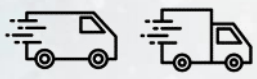
Powered by Michelin connected technologies





# Watèa by Michelin: a unique solution to decarbonize urban LCV fleets

## STAKES OF TRANSITION TO E-LCV



LCVs ~ 3-4% of global CO2 emissions



Switch to EV  
→ - 60% emissions



Mandatory to operate in cities

## FLEETS PAIN POINTS

How to transition ?



How to operate?



How to finance ?



## VALUE PROPOSITION

**Tailored solution**

EV, charging solution, maintenance

**Digital services**

productivity increase and service continuity

A unique value proposal through an **all-inclusive subscription** (Opex)

## LEVERAGING MULTIPLE GROUP ASSETS

With Tire

MICHELIN AGILIS CROSSCLIMATE



Around Tire



Beyond Tire



## PARTNERING WITH CA FOR VEHICLE FINANCING

April 2023: 30% stake in Watèa capital finalized by Credit Agricole Leasing & Factoring

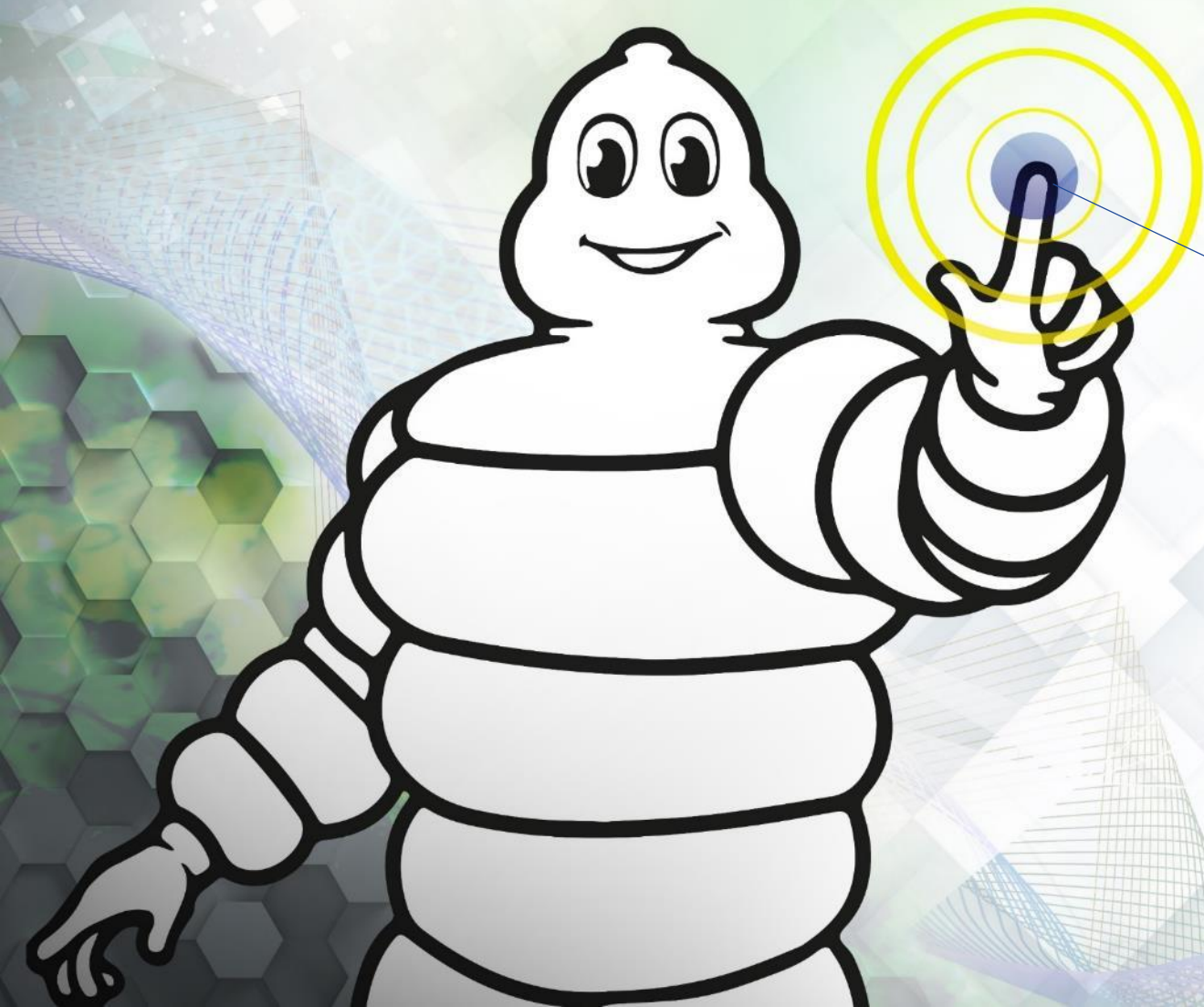


- Vehicles deconsolidation from balance sheet
- Leveraging CA mobility's commercial platform and expertise in small fleets

- Acceleration in automotive leasing in Europe
- Shared commitment to a decarbonized mobility







# ***APPENDIX***

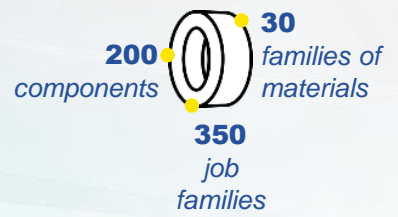
High Tech Materials



# 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 design & manufacturing**:



- Proficiency in and **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**

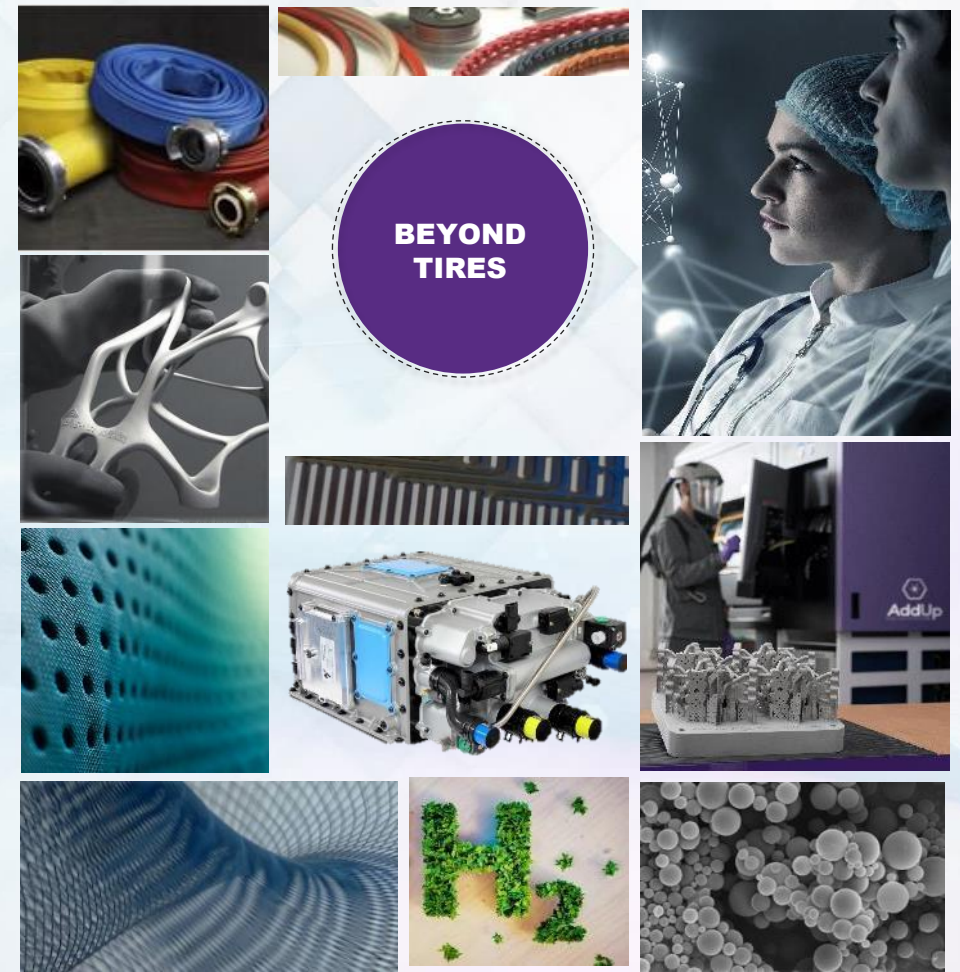


## GROWTH STRATEGY

- Organic growth**




- M&A-driven growth**  
Features vs. tires:
  - Higher **growth** and **EBIT %**
  - Lower capital intensity






# Symbio: fast expansion towards worldwide leadership in light and heavy commercial vehicles

 **Major grants** awarded in Europe (IPCEI \*) and in the USA (California)

  
Fuel cell development leveraging expertise in materials and industrial processes

**2014**  
  
Michelin stake:  
- 47% in 2014  
- 100% in 2019


  
**faurecia**  
inspiring mobility

**2019**  
  
A FAURECIA MICHELIN HYDROGEN COMPANY

**2020  
2022**  


New headquarters and facility in Venissieux, France

**2022**

  
**SCHAEFFLER**  
creation of **Innoplate** 50/50 JV

**2023**  


Start of Saint-Fons giga factory, France  
1<sup>st</sup> production line in California, USA

  
to join Michelin and Faurecia as SYMBIO's **3rd shareholder**

**2026**

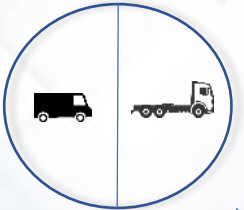
**Fuel cell assembling capacity increase**

50,000 per year



**2028**

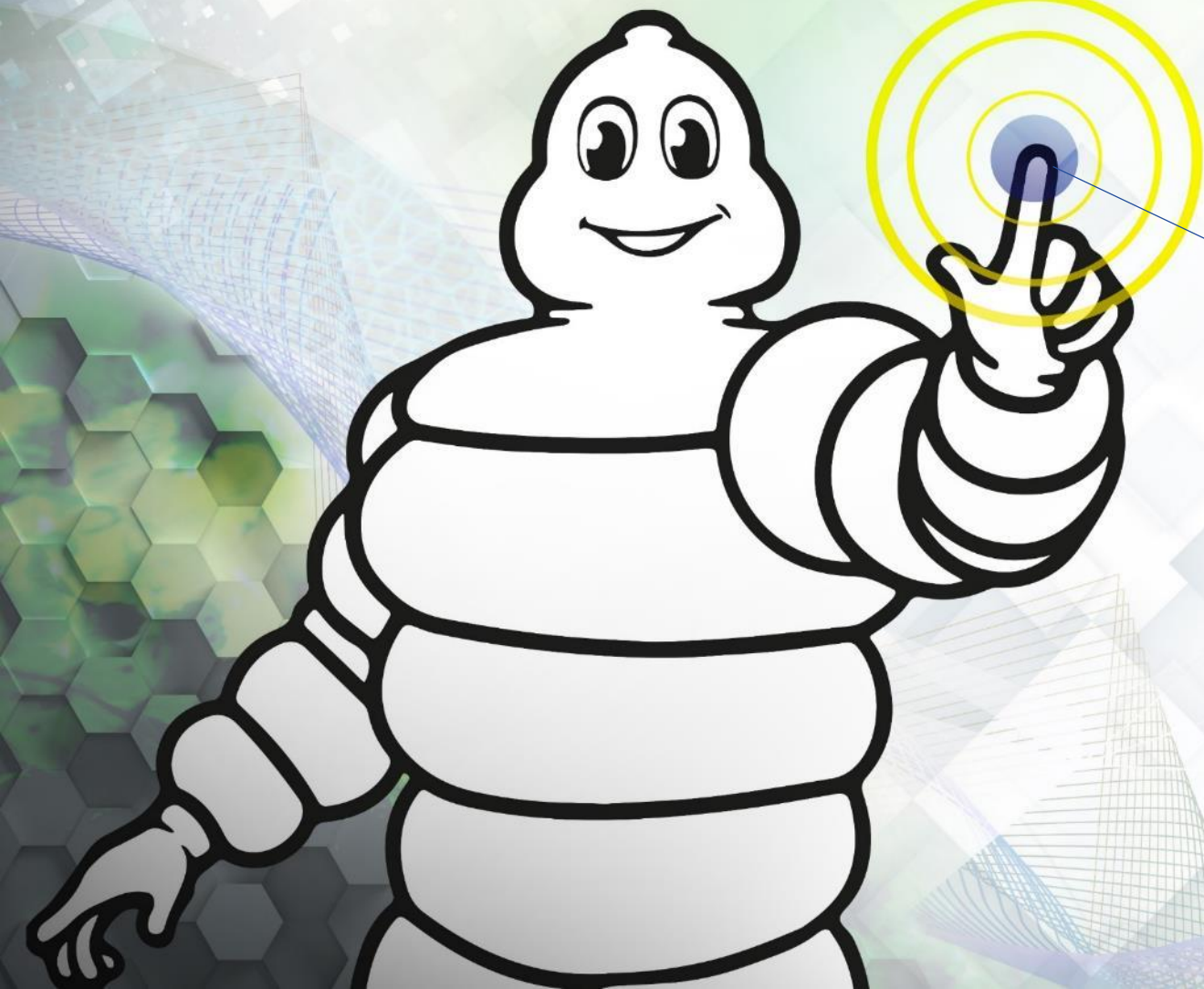
100,000 per year



**2030**

\* Important Projects of Common European Interest





# *APPENDIX*

Non-financial performance





# Recognized leadership in non-financial performance

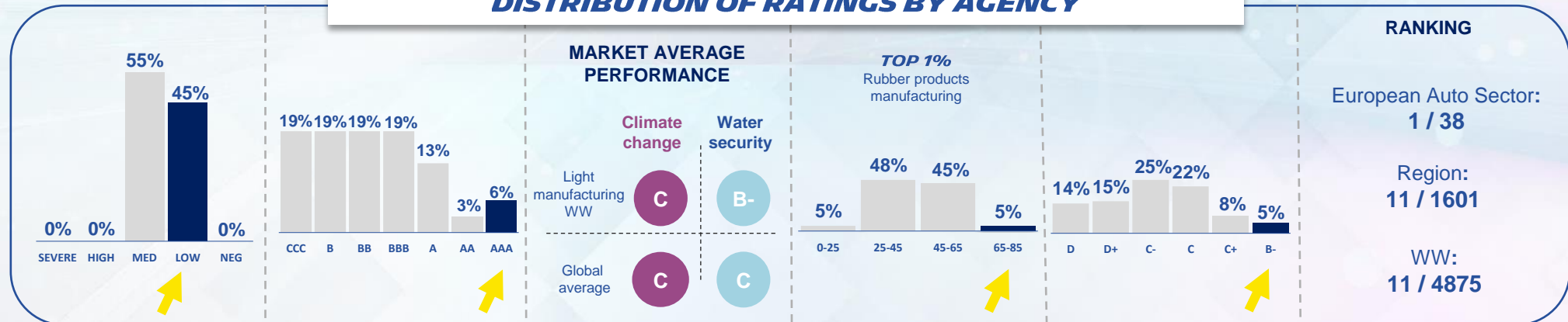
## MAJOR RATINGS

(as of June 30, 2023)

### MICHELIN RATINGS 2023



### DISTRIBUTION OF RATINGS BY AGENCY

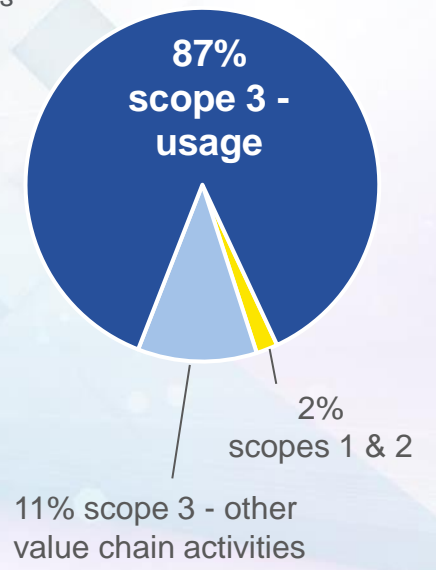


# Natural resources and Decarbonation : driving up industry standards on product performance

**IF THE WORLD WAS DRIVING ON MICHELIN PC/LT TIRES, PER YEAR IT WOULD SAVE...**



**TIRE INDUSTRY CO<sub>2</sub> EMISSIONS ARE MOSTLY RELATED TO SCOPE 3<sup>(3)</sup>**  
Illustration: Michelin 2022 CO<sub>2</sub> emissions



(1) Underlying hypothesis: 30% advantage for Michelin vs. competitors in abrasion, as calculated by ADAC - *Tyre wear particles in the environment*, March 2022.  
 (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 166 of the 2022 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





# On the path to full product circularity with 40% sustainable raw materials by 2030, up to 100% by 2050



## NATURAL RUBBER



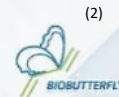
## PLASTIFIERS/RESINS



## TEXTILES



## SYNTHETIC RUBBER



PYROWAVE

## FILLERS



## METALS



## OTHER



...

(1) European project sponsored by Horizon 2020; project number: 82068

(2) Carried out with the support of ADEME.





# Michelin 1<sup>st</sup> manufacturer to design a road-homologated tire with 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



# Strong commitment to reduce impact of operations on biodiversity and ecosystems

## 2022 RESULTS, 2030 COMMITMENTS

	2022	2030
<b>RESEARCH &amp; DEVELOPMENT</b>		
Life Cycle Analysis incl. biodiversity criteria from best methods	At least <b>75%</b> of new projects	<b>100%</b> of new ranges marketed
<b>RAW MATERIALS</b>		
Compliance with the Responsible Natural Rubber Policy environmental criteria	Assessment carried out on all subsidiaries and JVs*	<b>80%</b> of the volume used
Evaluation of raw material supplier policies & practices **	Study carried out to identify the raw materials with the greatest impacts ***	<b>80%</b> of suppliers
<b>PRODUCTION SITES</b>		
Biodiversity plan adapted to local issues	<b>8 sites</b>	<b>100%</b> of industrial sites
No phytosanitary products to maintain green spaces	<b>12 sites</b>	<b>100%</b> of industrial sites



[+ To know more](#)

\* Accounts for ~4.5% of the Group's supply  
 \*\* Other than natural rubber  
 \*\*\* Based on the results of the Science Based Targets for Nature (SBTN) method and the life cycle analyses of raw materials

# Sustainable natural rubber by Michelin: driving progress across a fragmented value chain

## ID CARD

~90% of Group's supply come from ~2 M farmers with an average farm size of 3 Ha.

Up to 7 middlemen between direct suppliers and smallholders in Asia

~150 direct suppliers

**Global presence**  
in Brazil, Indonesia, Thailand & West Africa :

- 85,000 ha. of plantations
- 15 rubber processing plants
- 500,000 tons/year production

**GPSNR Founding member**  
(Global Platform for Sustainable Natural Rubber)



## ACCELERATING SUSTAINABILITY ACROSS THE INDUSTRY BY 2025

- **Dedicated roadmap** tracking commitments on zero deforestation, human rights, and farmer empowerment



## EXTENDING ASSESSMENTS OF PRACTICES ACROSS THE VALUE CHAIN : 2022 ACHIEVEMENTS

- **Direct suppliers via EcoVadis:** 92% of expenditures assessed, 90% "ESG mature"
- **Indirect suppliers : RubberWayTM app.** deployed at 80% of suppliers (in volume) in 2022



## IMPLEMENTING IMPACTFUL PROJECTS

- **Brazil**
  - increase harvest while preserving the forest (6.8 million hectares)\* - 3,800 families in Amazonas
- **Indonesia**
  - improve skills of 1,000 smallholders using RubberWayTM app. by 2024 – (with Porsche)
    - East Kalimantan : train 2,000 farmers by 2024
- **Sri Lanka**
  - improve skills & sustainability performance of 6,000 smallholders by 2025, impacting ~30,000 people
- **Thailand**
  - helping 1,000 farmers diversify their income with agroforestry by 2025\*\*
- **West Africa**
  - ~90,000 farmers trained per year

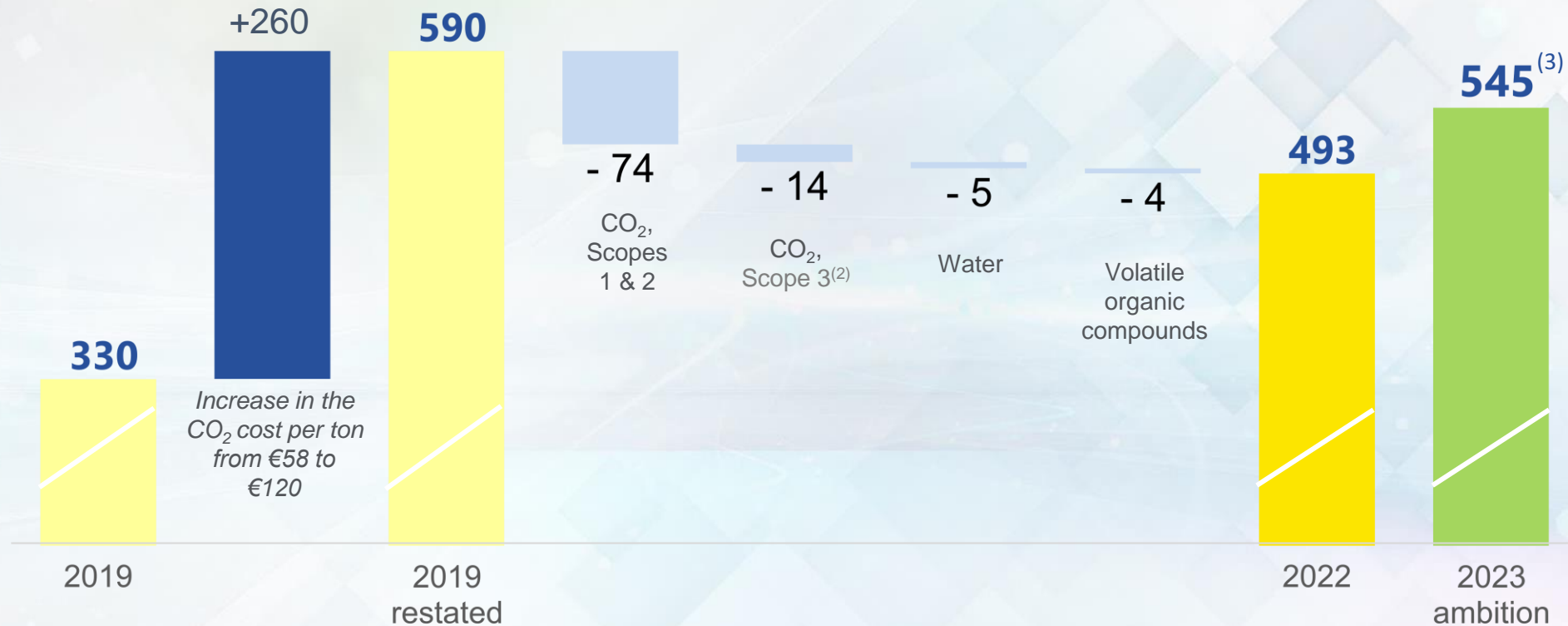
\* With WWF

\*\* As part of the Global Platform for Sustainable Natural Rubber (GPSNR)

# Reduction of CO<sub>2</sub> emissions, VOC<sup>(1)</sup> emissions and water withdrawals: 2022 achievements exceeded 2023 ambitions

## EXTERNALITY COSTS EVOLUTION

(€ millions)



(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 CO<sub>2</sub> valued at €120/t





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

## **MICHELIN'S ANSWER**

See p. 175 of 2022 Universal Registration Document for more details



Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2022 questionnaire (see <https://www.cdp.net/en/responses>).



### **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.

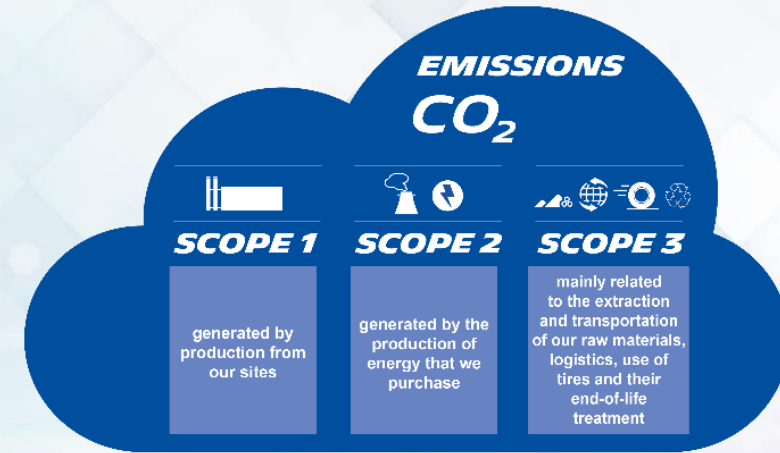
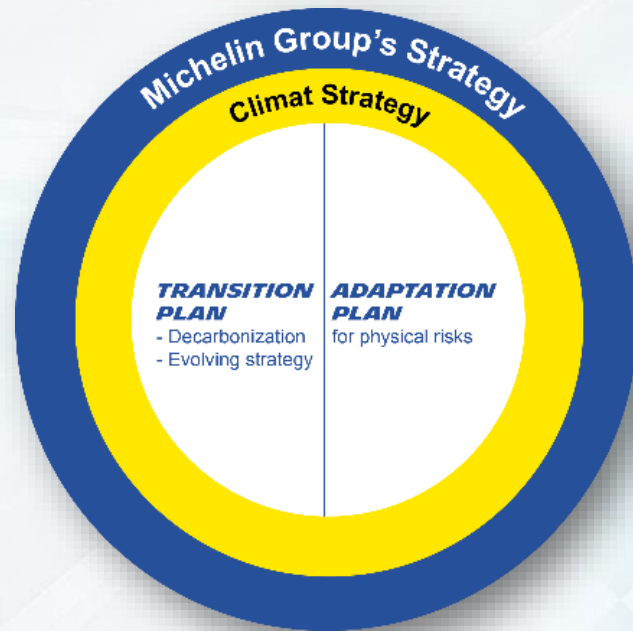
### **METRICS AND TARGETS**

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 structured around transition and adaptation plans, towards Net-Zero emissions by 2050

## 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

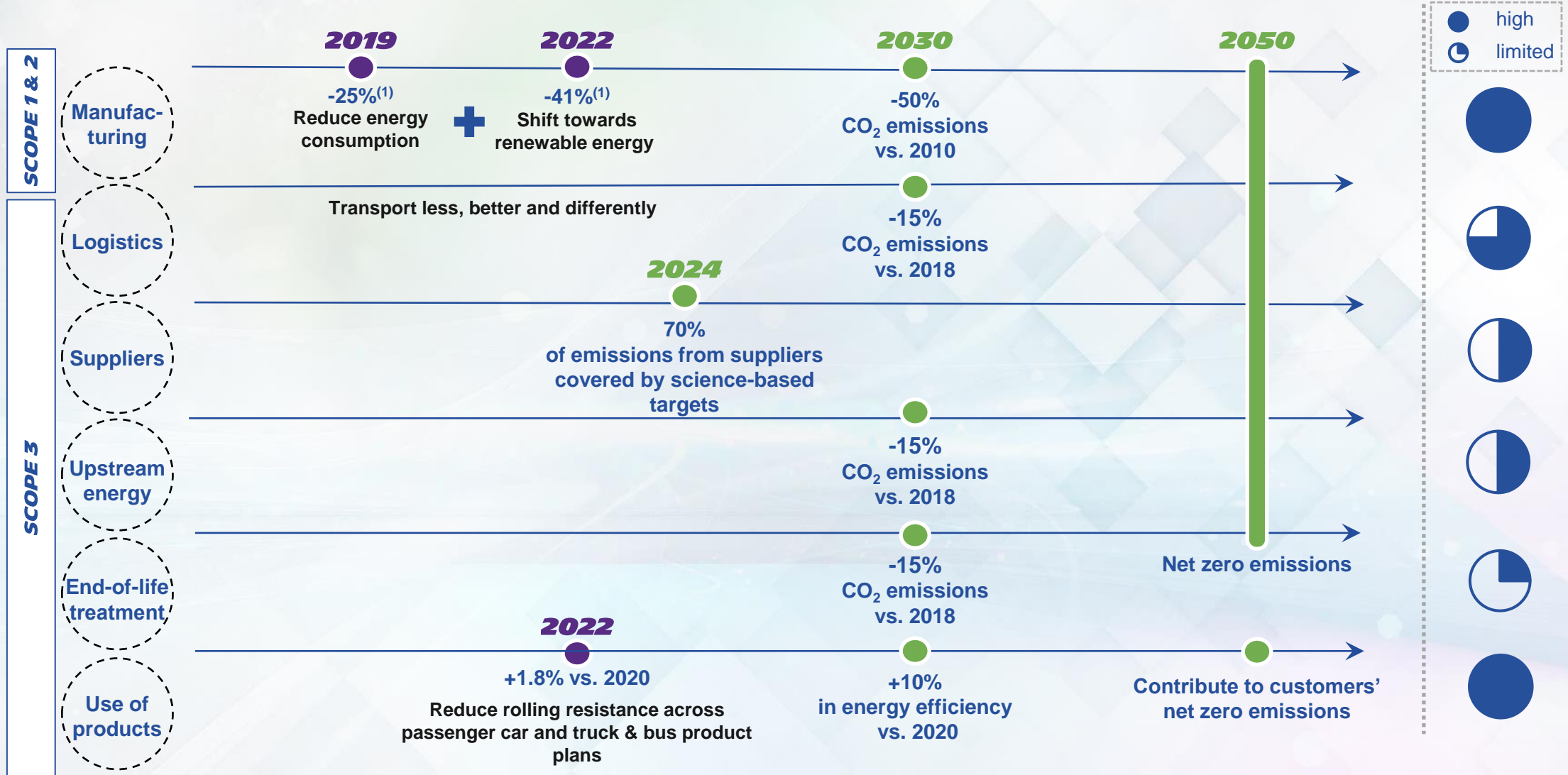


## BASED ON 3 PRINCIPLES:

- **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



(1) CO<sub>2</sub> emissions vs. 2010    ● Results    ● Ambitions



# Sharp reduction in the environmental footprint of our operations

## REDUCTION OF THE ENVIRONMENTAL FOOTPRINT OF OUR SITES

ISO14001- certified



Water withdrawal x water stress



Generated waste



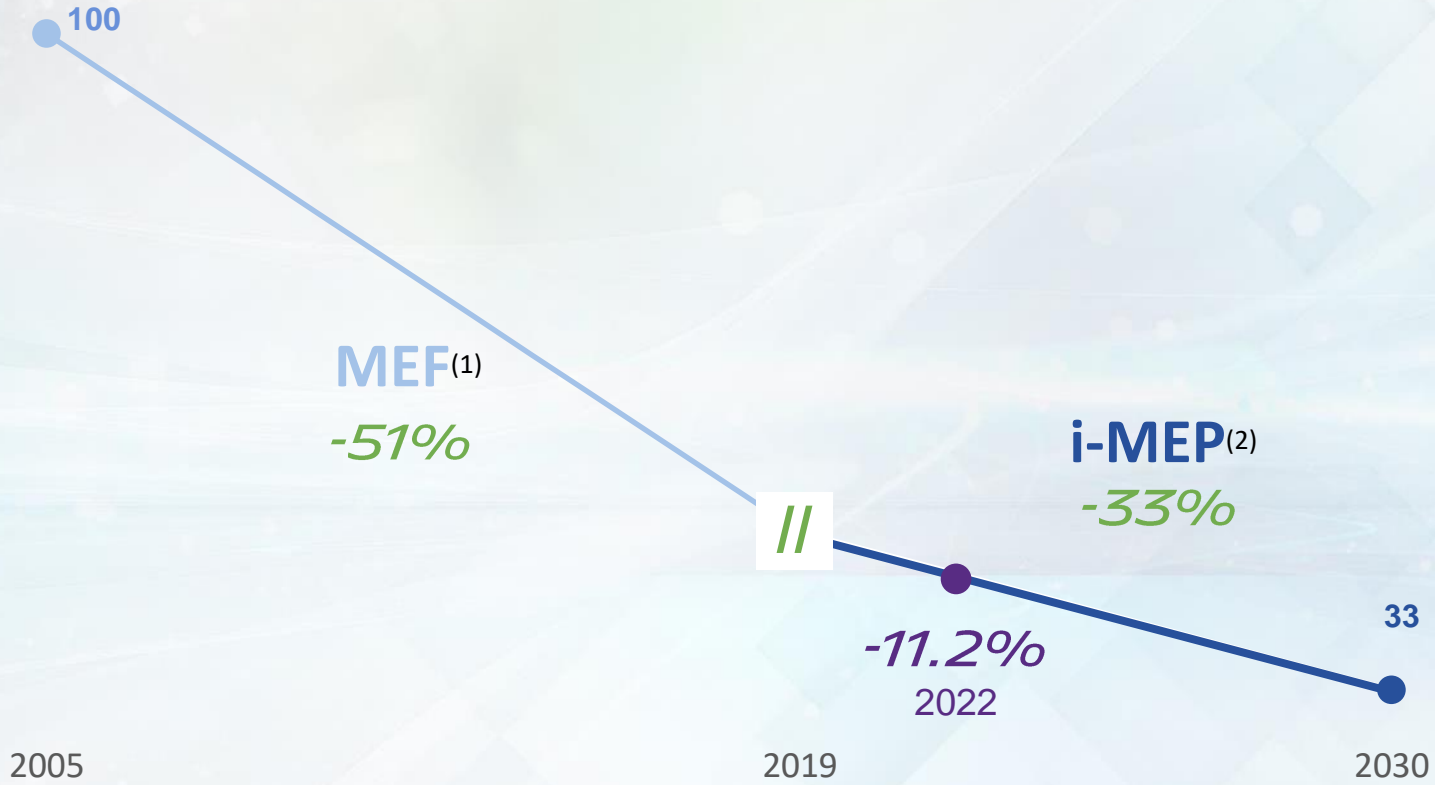
Organic solvent use



Energy use



CO<sub>2</sub> emissions



(1) MEF: Michelin Environmental Footprint;

(2) i-MEP: industrial-Michelin Environmental Performance; see detailed definition p.152 of the 2022 Universal Registration Document





# Universal social protection: since March 2022, deployment of the Michelin One Care Program

## 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 one year of base salary)

### ENSURE ALL EMPLOYEES AND THEIR FAMILIES CAN ACCESS A HEALTH PROGRAM

Including at least:

- 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.

(1) IMDI Management Index: see definition on p. 215 of the 2022 Universal Registration Document

(2) Diversity and Inclusion



## GENDER BALANCE

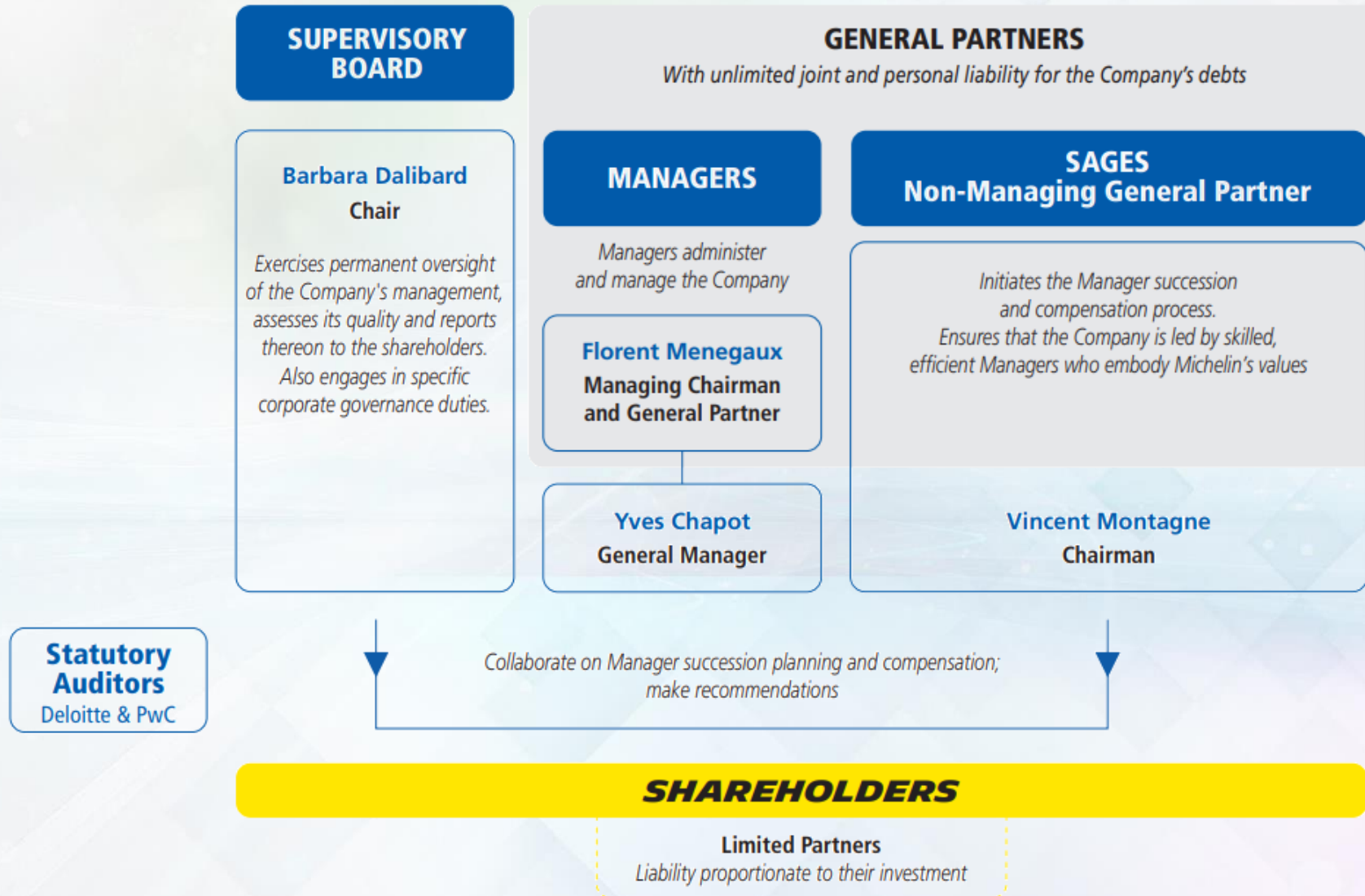
Achieve parity among Group executives and, by 2030, set the gender balance benchmark in our industry.

## IDENTITY

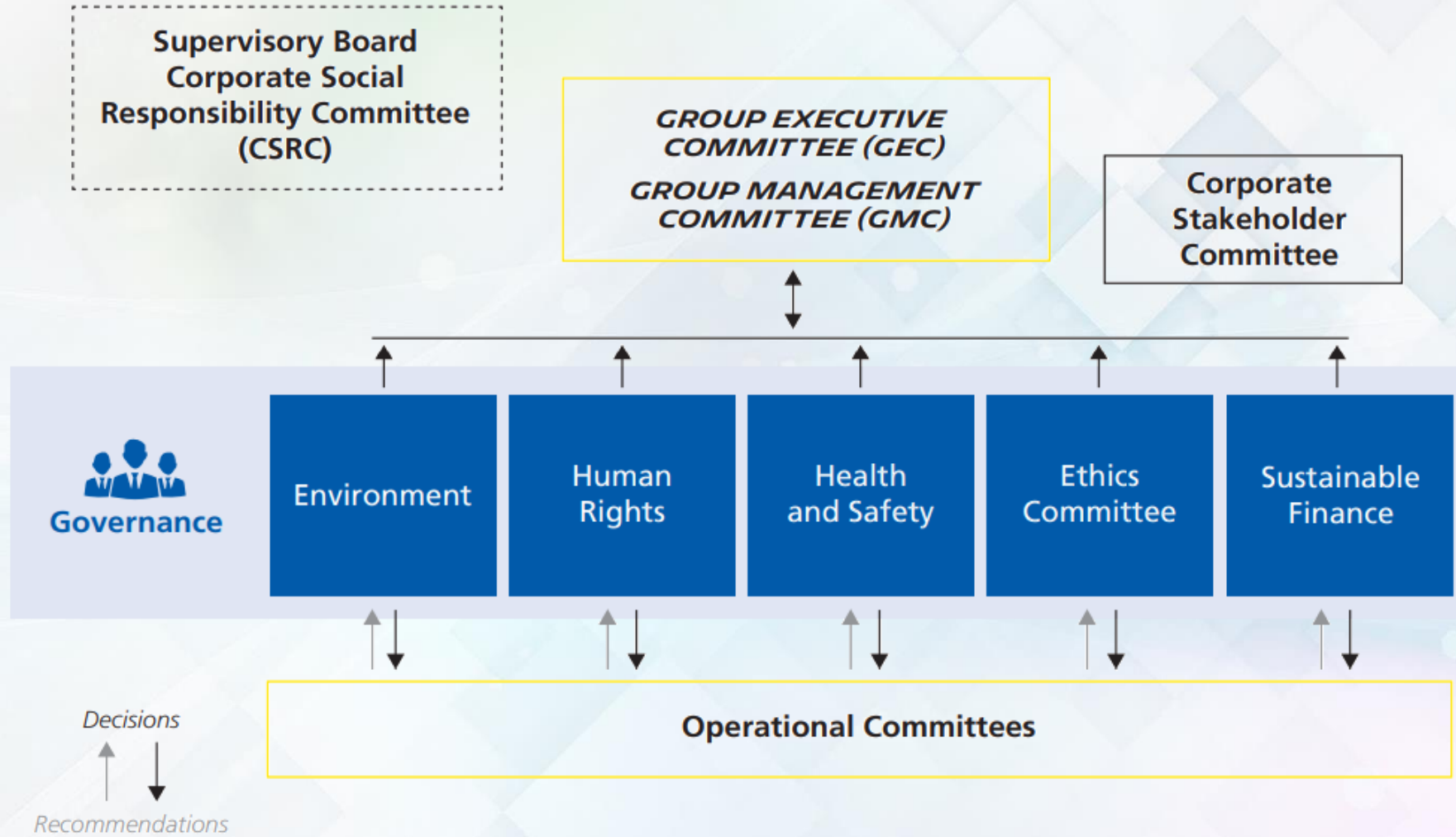
All D&I<sup>(2)</sup> aspects, (e.g., age, sexual orientation, ethnicity, religion, etc.) Enable every person to be who they really are and to bring their authentic selves to work.



# Michelin governance pillars: clear segregation of management and supervisory powers



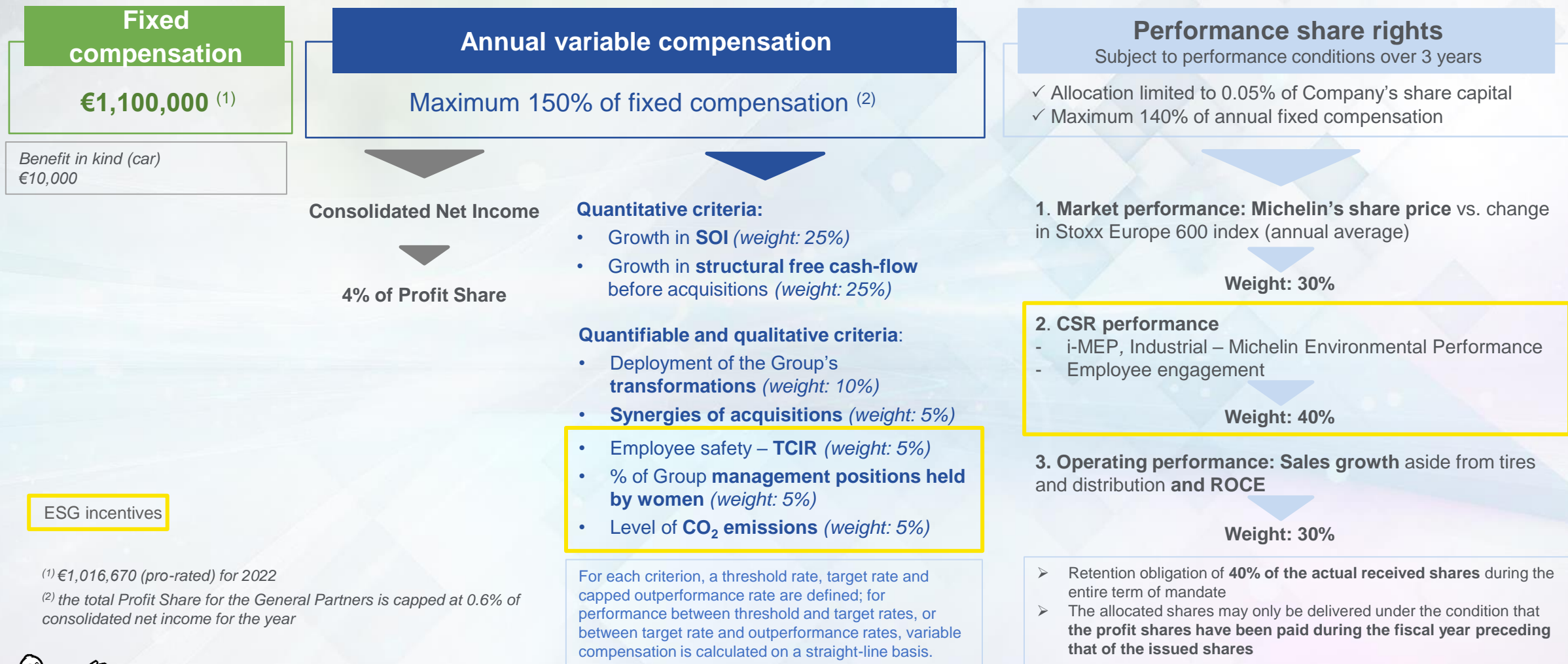
# ESG awareness and oversight are fully embodied in Michelin's governance structure





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

## 2022 COMPENSATION POLICY FOR FLORENT MENEGAUX, MANAGING CHAIRMAN



<sup>(1)</sup> €1,016,670 (pro-rated) for 2022

<sup>(2)</sup> the total Profit Share for the General Partners is capped at 0.6% of consolidated net income for the year



### **FREE CASH FLOW (FCF)**

Free cash-flow excluding M&A : 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, including JV financing, adjusted for net cash-flows relating to cash management financial assets and borrowing collaterals. M&A-related cash-flows and repayment of IFRS 16 debt are not included.

### **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.

(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 [Michelin.com](https://www.michelin.com) 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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